

CASE

NUMBER:

99.417

Jackson Co. Water Association

P.O. Box 232

Tyner, Ky. 40486

Telephone: (606) 287-7000

Fax: (606) 287-7003

~~RECEIVED~~

~~AUG 25 2003~~

~~PUBLIC SERVICE
COMMISSION~~

August 21, 2003

RECEIVED

AUG 22 2003

PUBLIC SERVICE
COMMISSION

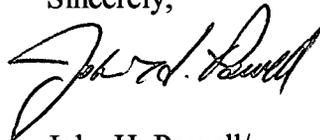
Mr. David Brown
Public Service Commission
211 Sower Boulevard
Post Office Box 615
Frankfort, Kentucky 40602-0615

RE: Case Number 1999-00417
Response to Reminder Letter

Dear Mr. Brown:

Please find enclosed an income statement along with an attachment of the pro forma adjustments. If you should have any questions concerning this matter, please feel free to contact me.

Sincerely,



John H. Powell/
Manager

JACKSON COUNTY WATER ASSOCIATION, INCORPORATED
STATEMENTS OF REVENUES AND EXPENSES

	<u>Year Ended</u> <u>December 31</u>	
	<u>2002</u>	<u>2001</u>
REVENUES:		
Water sales	\$1,309,390	\$1,288,587
Other operating income	<u>45,622</u>	<u>51,836</u>
	1,355,012	1,340,423
OPERATING EXPENSES:		
Source of supply and pumping	166,075	164,413
Water treatment	145,572	125,016
Transmission and distribution	522,387	509,815
General and administrative	<u>297,974</u>	<u>318,733</u>
	<u>1,132,008</u>	<u>1,117,977</u>
OPERATING INCOME (after depreciation of \$302,867 (2002) and \$307,914 (2001))	223,004	222,446
OTHER DEDUCTIONS (INCOME):		
Interest expense	184,335	193,635
Interest income	(52,555)	(63,929)
Gain on sale of property and equipment		(5,433)
Miscellaneous nonoperating income	<u>(8,479)</u>	<u>(8,405)</u>
	<u>123,301</u>	<u>115,868</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 99,703</u>	<u>\$ 106,578</u>

See notes to financial statements.

JACKSON COUNTY WATER ASSOCIATION, INCORPORATED
STATEMENT OF REVENUES AND EXPENSES
WITH PRO FORMA ADJUSTMENTS

EXCESS OF REVENUES OVER EXPENSES, Year ended December 31, 2002	\$ 99,703
PRO FORMA ADJUSTMENTS:	
Add depreciation expense for year ended December 31, 2002	302,867
Less projected salary and wages increase	(16,500)
Less projected increase in operating expenses	<u>(28,000)</u>
EXCESS OF REVENUES OVER EXPENSES, Pro forma basis	<u>\$358,070</u>



Paul E. Patton, Governor
Janie A. Miller, Secretary
Public Protection and Regulation
Cabinet

Thomas M. Dorman
Executive Director
Public Service Commission

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
211 SOWER BOULEVARD
POST OFFICE BOX 615
FRANKFORT, KENTUCKY 40602-0615
www.psc.state.ky.us
(502) 564-3940
Fax (502) 564-3460

Martin J. Huelsmann
Chairman

Gary W. Gillis
Vice Chairman

Robert E. Spurlin
Commissioner

August 6, 2003

Mr. Howard Williams, President
Jackson County Water Association, Inc.
P. O. Box 232
U.S. Highway 421 South
Tyner, Kentucky 40486

RE: Case No. 1999-00417
First Reminder Letter

Dear Mr. Williams:

The Commission entered the enclosed Final Order in this case on July 20, 2000. It was ordered that "Three years from the effective date of this Order, Jackson County shall file an income statement, along with any pro forma adjustments, in sufficient detail to demonstrate that the rates approved herein are sufficient to meet its operating expenses and annual debt service requirements." To date, this information has not been received. Please make the filing, referencing the case number 1999-00417, not later than 15 days from the date of this letter.

If you have questions concerning this letter, please contact Carolyn Jones, of the Filings Division, at 502-564-3940, extension 428. Otherwise, please mail the required filing to Thomas M. Dorman, Executive Director, **ATTN: Carolyn Jones**, Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602.

Sincerely,

A handwritten signature in cursive script that reads "David Brown".

David Brown
Director
Division of Filings

Enclosure

/cj



INDEX FOR CASE: 1999-417
JACKSON COUNTY WATER ASSOCIATION, INC
Rates - General

IN THE MATTER OF THE PETITION OF JACKSON COUNTY WATER
ASSOCIATION FOR ADJUSTMENT OF RATES

SEQ NBR	ENTRY DATE	REMARKS
0001	10/04/1999	Application.
0002	10/15/1999	Acknowledgement letter.
0003	10/21/1999	Deficiency letter rejecting & returning tariff, response due 11/5/99.
M0001	10/25/1999	JOHN HUGHES JACKSON CO WATER ASSOC-RESPONSE TO OCT 21,99 LETTER
0004	12/16/1999	Order granting req. for dev;filed date is 11/25; rates suspended until 5/26/00.
M0002	01/19/2000	AG DAVID SPENARD-MOTION TO INTERVENE
0005	01/24/2000	Order granting motion of Attorney General for full intervention.
0006	05/02/2000	Order issuing Staff Report; comments or request for hearing due 5/12
M0003	05/11/2000	JOHN HUGHES JACKSON CO WATER ASSOC-COMMENTS TO ORDER OF MAY 2,00
M0004	05/25/2000	JOHN HUGHES/JACKSON COUNTY WATER-SUPPLEMENTAL COMMENTS ACCEPTING PROPOSAL & HAVING NO EFFEC
M0005	06/05/2000	JOHN HUGHES/JACKSON CO. WATER-AFFIDAVIT OF PUBLICATION
0007	07/20/2000	Final Order approving rates in Appendix A.
0008	08/23/2000	Nunc Pro Tunc Order amending 7/20/2000 Order.



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
211 SOWER BOULEVARD
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

CERTIFICATE OF SERVICE

RE: Case No. 1999-417
JACKSON COUNTY WATER ASSOCIATION, INC.

I, Stephanie Bell, Secretary of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the following by U.S. Mail on August 23, 2000.

Parties of Record:

John Powell
Manager
Jackson Co. Water Association
P.O. Box 232
Tyner, KY. 40486

Honorable John N. Hughes
Attorney for Jackson County Water
124 W. Todd St.
Frankfort, KY. 40601

Honorable David E. Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, KY. 40601 8204

Stephanie J. Bell

Secretary of the Commission

SB/hv
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE PETITION OF JACKSON COUNTY)
WATER ASSOCIATION FOR ADJUSTMENT) CASE NO. 99-417
OF RATES)

O R D E R

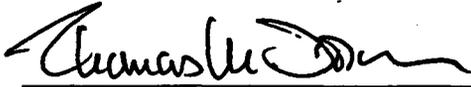
On July 20, 2000, the Commission entered its Order in Case No. 99-417 granting Jackson County Water Association the rates proposed in its amended application filed May 11, 2000. Through inadvertence, the Order failed to include the non-recurring charges recommended in the revised tariff contained in the Staff Report issued May 2, 2000.

IT IS THEREFORE ORDERED, to be entered nunc pro tunc, that the Order entered July 20, 2000 is amended to include the non-recurring charges set out in Appendix A to this Order.

Done at Frankfort, Kentucky, this 23rd day of August, 2000.

By the Commission

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 99-417 DATED AUGUST 23, 2000

The following rates and charges are prescribed for the customers in the area served by Jackson County Water Association. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Non-Recurring Charges

Connection/Turn-on Charge	\$36.00
Delinquent Account Disconnect	36.00
Field Collection Charge	36.00
Late Payment Penalty	10%
Meter Relocation Charge	Actual Cost
Meter Re-read Charge	36.00
Meter Test Charge	50.00
Re-connection Charge	36.00
Re-connection Charge (After Hours)	50.00
Returned Check Charge	11.00
Service Call/Investigation	36.00
Service Call/Investigation (After Hours)	50.00

Meter Connection/Tap-on Charges

5/8 Inch x 3/4 Inch Meter	\$400.00
All Larger Meters	Actual Cost



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
211 SOWER BOULEVARD
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

CERTIFICATE OF SERVICE

RE: Case No. 1999-417
JACKSON COUNTY WATER ASSOCIATION, INC.

I, Stephanie Bell, Secretary of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the following by U.S. Mail on July 20, 2000.

Parties of Record:

John Powell
Manager
Jackson Co. Water Association
P.O. Box 232
Tyner, KY. 40486

Honorable John N. Hughes
Attorney for Jackson County Water
124 W. Todd St.
Frankfort, KY. 40601

Honorable David E. Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, KY. 40601 8204

Stephanie J. Bell
Secretary of the Commission

SB/hv
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE PETITION OF JACKSON COUNTY)
WATER ASSOCIATION FOR ADJUSTMENT) CASE NO. 99-417
OF RATES)

O R D E R

On October 4, 1999, Jackson County Water Association ("Jackson County") submitted its application for Commission approval of proposed water rates. The application was considered filed on November 25, 1999, when all deficiencies were cured. The proposed rates would generate additional annual revenues of \$143,598, an increase of 13.26 percent over normalized test-year revenues from water sales.

On January 19, 2000, a motion was filed by the Office of the Attorney General requesting full intervention in this proceeding. The motion was granted by the Commission on January 24, 2000.

By Order dated May 2, 2000, the Commission issued a Staff Report that was prepared based upon a review of Jackson County's test-year operations. The Order granted all parties 10 days to file written comments regarding the Staff Report or requests for a hearing or informal conference.

The increase proposed by Jackson County resulted in a revenue requirement of \$1,290,480. Based on Staff's calculations, Jackson County's minimum and optimum revenue requirements range from \$1,074,588 to \$1,330,573. The optimum rates will result

in additional annual revenues of \$183,691, an increase of 16.96 percent over normalized test-year revenues from water sales. Staff recommended in its Staff Report that the Commission accept the rates proposed by Jackson County or, in the alternative, allow Jackson County to amend its application to reflect or phase in rates to generate Staff's optimum revenue requirement.

On May 11, 2000, Jackson County filed its comments to the Staff Report wherein it requested approval to adopt the rates that will generate the optimum revenue requirement of \$1,330,573. Included with its comments Jackson County filed an amended application for rates and proof of publication of notice of the revised rates. No other comments to the Staff Report were filed and no comments or intervention requests were filed in response to the amended application.

The Commission, having reviewed the evidence of record and being otherwise sufficiently advised, finds that:

1. The recommendations and findings contained in the Staff Report are supported by the evidence of record, are reasonable, and should be adopted as the findings of the Commission in this proceeding and incorporated by reference as if fully set out herein.
2. The rates proposed by Jackson County in its application filed November 25, 1999 should be denied.
3. The rates proposed by Jackson County in its amended application filed May 11, 2000, and set forth herein in Appendix A, are fair, just, and reasonable, will produce annual revenues from water sales of \$1,266,913, and will allow Jackson County sufficient revenues to meet its operating expenses.

IT IS THEREFORE ORDERED that:

1. The recommendations and findings contained in the Staff Report are hereby adopted as the findings of the Commission and are incorporated by reference as if fully set out herein.
2. The rates proposed by Jackson County in its application filed November 25, 1999 are denied.
3. The rates proposed by Jackson County in its amended application filed May 11, 2000, and contained herein in Appendix A, are approved for service rendered on and after the date of this Order.
4. Within 30 days of the date of this Order, Jackson County shall file with the Commission its revised tariff setting out the rates approved herein.
5. Three years from the effective date of this Order, Jackson County shall file an income statement, along with any pro forma adjustments, in sufficient detail to demonstrate that the rates approved herein are sufficient to meet its operating expenses and annual debt service requirements.

Done at Frankfort, Kentucky, this 20th day of July, 2000.

By the Commission

ATTEST:

W. H. Bowker

Deputy Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 1999-417 DATED JULY 20, 2000

The following rates and charges are prescribed for the customers in the area served by Jackson County Water Association. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Water Rates

3/4 Inch x 5/8 Inch Meter

First	2,000 gallons	\$ 12.28	Minimum bill
Next	18,000 gallons	5.06	per 1,000 gallons
Next	30,000 gallons	4.30	per 1,000 gallons
Over	50,000 gallons	3.54	per 1,000 gallons

1 Inch Meter

First	5,000 gallons	\$ 27.46	Minimum bill
Next	15,000 gallons	5.06	per 1,000 gallons
Next	30,000 gallons	4.30	per 1,000 gallons
Over	50,000 gallons	3.54	per 1,000 gallons

1 1/2 Inch Meter

First	10,000 gallons	\$ 52.76	Minimum bill
Next	10,000 gallons	5.06	per 1,000 gallons
Next	30,000 gallons	4.30	per 1,000 gallons
Over	50,000 gallons	3.54	per 1,000 gallons

2 Inch Meter

First	20,000 gallons	\$103.36	Minimum bill
Next	30,000 gallons	4.30	per 1,000 gallons
Over	50,000 gallons	3.54	per 1,000 gallons

3 Inch Meter

First	30,000 gallons	\$146.36	Minimum bill
Next	20,000 gallons	4.30	per 1,000 gallons
Over	50,000 gallons	3.54	per 1,000 gallons

4 Inch Meter

First	40,000 gallons	\$189.36	Minimum bill
Next	10,000 gallons	4.30	per 1,000 gallons
Over	50,000 gallons	3.54	per 1,000 gallons

Truck Sales

Sand Gap	\$2.00	per 1,000 gallons
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Wholesale

City of McKee	\$1.51	per 1,000 gallons
Rockcastle Co. Water Association	\$1.85	per 1,000 gallons
City of Beattyville	\$1.68	per 1,000 gallons

JOHN N. HUGHES
Attorney at Law
Professional Service Corporation
124 WEST TODD STREET
FRANKFORT, KENTUCKY 40601

Telephone:
(502) 227-7270

Telecopier:
(502) 875-7059

June 5, 2000

Martin Huelsmann
Executive Director
Public Service Commission
211 Sower Blvd.
Frankfort, Ky. 40601

RECEIVED

JUN - 5 2000

PUBLIC SERVICE
COMMISSION

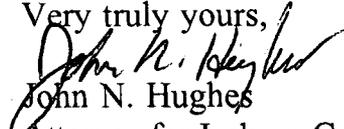
Re: Case No. 99-417

Dear Mr. Huelsmann:

Jackson County Water Association submits the affidavit of publication for the rates proposed in the Staff report of May 2, 2000.

A copy of this letter has been mailed to the Attorney General's Utility and Rate Intervention Unit.

Very truly yours,


John N. Hughes
Attorney for Jackson County
Water Association

attachment

THE JACKSON COUNTY SUN

P.O. Box 130
McKee, Kentucky 40447

Jackson County Sun, Inc.
Publisher

Phone (606) 287-7197



I, George Ferrell, editor of The Jackson County Sun newspaper, do hereby certify that from my own knowledge and a check of the files of this newspaper that the advertisement of JCO Water Assn, for Water Rates was inserted in The Jackson County Sun on the following dates:

Date: 5/18/00 Page: B-6 Column: 1-2-3

Date: 5/25/00 Page: A-14 Column: 1-2-3

Date: 6/1/00 Page: A-5 Column: 4-5-6

Date: _____ Page: _____ Column: _____

Signature: George Ferrell

Subscribed and sworn to me by George Ferrell this 2nd day of May,

2000
19__

Notary Public: John D. Hall

My Commission Expires: 5-20-2002

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

IN THE MATTER OF:

MAY 25 2000

THE PETITION OF
JACKSON COUNTY WATER ASSOCIATION
FOR ADJUSTMENT OF RATES

)
) Case No. 99-417
)

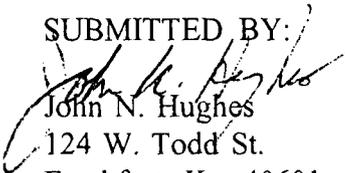
PUBLIC SERVICE
COMMISSION

SUPPLEMENTAL COMMENTS OF JACKSON COUNTY WATER ASSOCIATION

Pursuant to a request of the Commission Staff, Jackson County Water Association provides the following clarification of its comments to the Staff Report of May 2, 2000:

1. The Association accepts the Commission's proposal to adopt the rates allowed in Schedule G, Sheet 8 of the Report.
2. Revised tariffs with a blank effective date are being filed to clarify that the rates are to go into effect upon Commission approval.
3. A copy of these comments have been served on the Attorney General.

SUBMITTED BY:


John N. Hughes
124 W. Todd St.
Frankfort, Ky. 40601
(502) 227-7270

ATTORNEY FOR JACKSON
COUNTY WATER ASSOCIATION

FOR Entire Service Area
P.S.C. KY. NO. 3

ORIGINAL SHEET NO. 1

Jackson County Water Association

CANCELLING P.S.C. KY. NO. _____

Fourth Revised SHEET NO. 1

RULES AND REGULATIONS

Proposed Tariff

RATES:

3/4 inch Meter

First 2,000 gallons	\$12.28 per month
Next 18,000 gallons	5.06 per 1,000 gallons
Next 30,000 gallons	4.30 per 1,000 gallons
Over 50,000 gallons	3.54 per 1,000 gallons

1 inch meter

First 5,000 gallons	\$27.46 per month
Next 15,000 gallons	5.06 per 1,000 gallons
Next 30,000 gallons	4.30 per 1,000 gallons
Over 50,000 gallons	3.54 per 1,000 gallons

1 1/2 inch meter

First 10,000 gallons	\$52.76 per month
Next 10,000 gallons	5.06 per 1,000 gallons
Next 30,000 gallons	4.30 per 1,000 gallons
Over 50,000 gallons	3.54 per 1,000 gallons

2 inch meter

First 20,000 gallons	\$103.36 per month
Next 30,000 gallons	4.30 per 1,000 gallons
Over 50,000 gallons	3.54 per 1,000 gallons

3 inch meter

First 30,000 gallons	\$146.36 per month
Next 20,000 gallons	4.30 per 1,000 gallons
Over 50,000 gallons	3.54 per 1,000 gallons

4 inch meter

First 40,000 gallons	\$189.36 per month
Next 10,000 gallons	4.30 per 1,000 gallons
Over 50,000 gallons	3.54 per 1,000 gallons

Truck Sales

Sand Gap	\$2.00 per 1,000 gallons
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Wholesale

City of McKee	\$1.51 per 1,000 gallons
Rockcastle Co Water Association	\$1.85 per 1,000 gallons
City of Beatyville	\$1.68 per 1,000 gallons

DATE OF ISSUE 05/12/00 DATE EFFECTIVE _____
MONTH DAY YEAR MONTH DAY YEAR

ISSUED BY John Powell Manager
NAME OF OFFICER TITLE

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

MAY 11 2000

PUBLIC SERVICE
COMMISSION

IN THE MATTER OF:

THE PETITION OF)
JACKSON COUNTY WATER ASSOCIATION) Case No. 99-417
FOR ADJUSTMENT OF RATES)

COMMENTS OF JACKSON COUNTY WATER ASSOCIATION

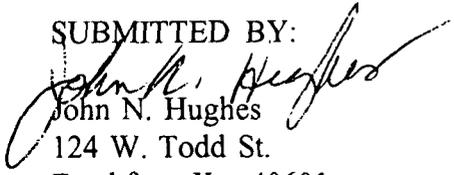
Pursuant to the Commission's order of May 2, 2000, Jackson County Water Association provides the following comments to the Staff Report of May 2, 2000:

1. The Association accepts the Commission's proposal to adopt the rates allowed in Schedule G, Sheet 8 of the Report. A copy of the Association's minutes is attached. The rates will become effective upon approval by the Commission.

2. An amended petition for rates is attached. Included with the petition is notice to the customers to be published for three consecutive weeks in the local newspaper; revised comparative tariffs for rates; and revised proposed tariffs for rates.

3. A copy of these comments and the Amended Petition have been served on the Attorney General.

SUBMITTED BY:


John N. Hughes
124 W. Todd St.
Frankfort, Ky. 40601
(502) 227-7270

ATTORNEY FOR JACKSON
COUNTY WATER ASSOCIATION

REGULAR MEETING

May 8, 2000

Board Members Present:

Howard Williams - President
Dallas Cox - Vice-President
Ricky Joe Boggs - Treasurer
Eddie Joe Madden - Director
Emmitt Turner - Secretary
Warren Lakes - Director
Kenneth Moore - Director

Others Present:

John Powell

The Meeting was called to order by Howard Williams.Minutes of the Regular Meeting, dated April 10, 2000, were read by Dallas Cox.Motion by Ricky Joe Boggs Seconded by Kenneth Moore

To approve the minutes as read. Vote Unanimous.

Special Meeting Minutes, dated April 18, 2000, were read by Howard Williams.Motion by Eddie Joe Madden Seconded by Emmitt Turner

To approve the minutes as read. Vote Unanimous.

Motion by Ricky Joe Boggs Seconded by Dallas Cox

To approve bills for the month of April 2000. Vote Unanimous.

Motion by Kenneth Moore Seconded by Emmitt Turner

To approve the Expense Report for the month of April 2000. Vote Unanimous.

OLD BUSINESS

The Board of Directors reviewed the Public Service Commission Report, dated May 2, 2000, on Jackson County Water Association's proposed rate increase, Case No. 1999-417. There was then a short discussion about the report.

Motion by Ricky Joe Boggs Seconded by Kenneth Moore

To amend Jackson County Water Association's application to reflect the rates recommended by the Public Service Commission's staff on Attachment G, Sheet 8.

Vote 6 For, 1 Abstain.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

THE PETITION OF)
JACKSON COUNTY WATER ASSOCIATION) Case No. 99-417
FOR ADJUSTMENT OF RATES)

AMENDED PETITION FOR APPROVAL RATES

Jackson County Water Association, by counsel, amends its petition for an order granting approval of rates and fees to reflect the rates allowed in the Staff Report dated May 2, 2000.

1. Jackson County is a Kentucky non-profit corporation doing business in Kentucky operating a water distribution system in Jackson and Rockcastle counties. Its Manager is John Powell, whose mailing address is Box 232, Tyner, Ky. 40486;

2. It seeks approval of the recommended rates for service recommended by the Staff on Attachment G, sheet 8 of the May 2, 2000 Report;

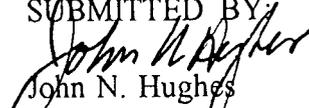
3. All information previously provided or contained in the Petition filed on October 4, 1999, is incorporated by reference and made a part of this Amended Petition;

4. Revised tariffs reflecting the recommended rates are attached as exhibit 1;

5. Customer notice as required by 807 KAR 5:011, sec. 8 is attached as exhibit 2;

For these reasons, Jackson County requests that its amended application for the adjustment of rates be approved.

SUBMITTED BY:


John N. Hughes
124 W. Todd St.
Frankfort, Ky. 40601
(502) 227-7270

ATTORNEY FOR JACKSON
COUNTY WATER ASSOCIATION

JACKSON COUNTY WATER ASSOCIATION
NOTICE TO CUSTOMERS

Pursuant to the order of the Public Service Commission dated May 2, 2000, Jackson County Water Association gives Notice that it has applied for an increase of water rates with the Commission. It proposes the following rates, which amount to an increase of approximately 23% over the current residential minimum bill and a 8% increase of the current average residential monthly bill. Further information may be obtained from the Commission or the Association. The rates proposed in this Notice may be modified by the Commission. Such action by the Commission may result in the rates being higher or lower than those proposed by Jackson County.

Any corporation, association, body politic or person may by timely motion, within 30 days of this Notice, request intervention in this case. Intervention beyond the 30 day period may be granted for good cause shown. The Motion must be submitted to the Public Service Commission, 211 Sower Blvd., Box 615, Frankfort, Ky. 40602 and should state the grounds for the request, including the interest and status of the party. Intervenors may obtain copies of the Application and any testimony filed by contacting the Association at the address below. A copy of the Application is available for public review at Jackson County's office and at the Public Service Commission, 211 Sower Blvd., Frankfort, Ky. 40601, (502) 564-3940.

Mr. John Powell
Box 232
Tyner, Ky 40486
(606) 287-7000

CURRENT RATES per 1000 gallons

<u>5/8" meter</u>	
minimum bill (first 1000 gals.)	\$10.00
over 1000 gals.	\$3.90
<u>1" meter</u>	
minimum bill (first 5000 gals.)	\$25.60
over 5000 gals.	\$3.15
1 1/2" meter (first 10,000 gals)	\$41.35
over 10,000 gals	\$ 2.55
2" meter (first 20,000 gals)	\$66.85
over 20,000 gals	\$ 1.90
3" meter (first 30,000 gals)	\$85.85
over 30,000 gals	\$ 1.90
4" meter (first 40,000 gals)	\$104.85
over 40,000 gals	\$ 1.90

Wholesale rates per 1000 gallons:

Mckee	\$1.10
Beattyville	\$1.28
North Rockcastle W.D.	\$1.48

PROPOSED RATES

<u>3/4 inch Meter</u>	
First 2,000 gallons	\$12.28 per month
Next 18,000 gallons	5.06 per 1,000 gallons
Next 30,000 gallons	4.30 per 1,000 gallons
Over 50,000 gallons	3.54 per 1,000 gallons

<u>1 inch meter</u>	
First 5,000 gallons	\$27.46 per month
Next 15,000 gallons	5.06 per 1,000 gallons
Next 30,000 gallons	4.30 per 1,000 gallons
Over 50,000 gallons	3.54 per 1,000 gallons

<u>1 1/2 inch meter</u>	
First 10,000 gallons	\$52.76 per month
Next 10,000 gallons	5.06 per 1,000 gallons
Next 30,000 gallons	4.30 per 1,000 gallons
Over 50,000 gallons	3.54 per 1,000 gallons

<u>2 inch meter</u>	
First 20,000 gallons	\$103.36 per month
Next 30,000 gallons	4.30 per 1,000 gallons
Over 50,000 gallons	3.54 per 1,000 gallons

<u>3 inch meter</u>	
First 30,000 gallons	\$146.36 per month
Next 20,000 gallons	4.30 per 1,000 gallons
Over 50,000 gallons	3.54 per 1,000 gallons

<u>4 inch meter</u>	
First 40,000 gallons	\$189.36 per month
Next 10,000 gallons	4.30 per 1,000 gallons
Over 50,000 gallons	3.54 per 1,000 gallons

<u>Truck Sales</u>	
Sand Gap	\$2 00 per 1,000 gallons

<u>Wholesale</u>	
City of McKee	\$1.51 per 1,000 gallons
Rockcastle Co Water Association	\$1.85 per 1,000 gallons
City of Beattyville	\$1.68 per 1,000 gallons

FOR Entire Service Area
P.S.C. KY. NO. 3

ORIGINAL SHEET NO. 1

Jackson County Water Association

CANCELLING P.S.C. KY. NO.

Fourth Revised SHEET NO. 1

RULES AND REGULATIONS

Proposed Tariff

RATES:

3/4 inch Meter

First 2,000 gallons	\$12.28 per month
Next 18,000 gallons	5.06 per 1,000 gallons
Next 30,000 gallons	4.30 per 1,000 gallons
Over 50,000 gallons	3.54 per 1,000 gallons

1 inch meter

First 5,000 gallons	\$27.46 per month
Next 15,000 gallons	5.06 per 1,000 gallons
Next 30,000 gallons	4.30 per 1,000 gallons
Over 50,000 gallons	3.54 per 1,000 gallons

1 1/2 inch meter

First 10,000 gallons	\$52.76 per month
Next 10,000 gallons	5.06 per 1,000 gallons
Next 30,000 gallons	4.30 per 1,000 gallons
Over 50,000 gallons	3.54 per 1,000 gallons

2 inch meter

First 20,000 gallons	\$103.36 per month
Next 30,000 gallons	4.30 per 1,000 gallons
Over 50,000 gallons	3.54 per 1,000 gallons

3 inch meter

First 30,000 gallons	\$146.36 per month
Next 20,000 gallons	4.30 per 1,000 gallons
Over 50,000 gallons	3.54 per 1,000 gallons

4 inch meter

First 40,000 gallons	\$189.36 per month
Next 10,000 gallons	4.30 per 1,000 gallons
Over 50,000 gallons	3.54 per 1,000 gallons

Truck Sales

Sand Gap	\$2.00 per 1,000 gallons
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Wholesale

City of McKee	\$1.51 per 1,000 gallons
Rockcastle Co Water Association	\$1.85 per 1,000 gallons
City of Beatyville	\$1.68 per 1,000 gallons

DATE OF ISSUE 05/12/00 DATE EFFECTIVE 06/12/00
 MONTH DAY YEAR MONTH DAY YEAR

ISSUED BY John Powell Manager
 NAME OF OFFICER TITLE



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
211 SOWER BOULEVARD
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

May 2, 2000

John Powell
Manager
Jackson Co. Water Association
P.O. Box 232
Tyner, KY. 40486

Honorable John N. Hughes
Attorney for Jackson County Water
124 W. Todd St.
Frankfort, KY. 40601

Honorable David E. Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, KY. 40601 8204

RE: Case No. 1999-417

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

A handwritten signature in black ink that reads "Stephanie J. Bell".

Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE PETITION OF JACKSON COUNTY WATER)
ASSOCIATION FOR ADJUSTMENT OF RATES) CASE NO. 1999-417

O R D E R

On October 4, 1999, Jackson County Water Association ("Jackson County") submitted its application for Commission approval of proposed water rates. The application was considered filed on November 25, 1999, when all deficiencies were cured. Commission Staff ("Staff"), having performed a limited financial review of Jackson County's test period operations, has prepared the attached report containing Staff's findings and recommendations regarding the proposed rates. All parties should review the report carefully and submit any written comments on Staff's findings and recommendations or requests for a hearing or informal conference no later than 10 days from the date of this Order.

IT IS THEREFORE ORDERED that:

1. All parties shall, no later than 10 days from the date of this Order, submit their written comments on the attached Staff Report or request for a hearing or informal conference. If Jackson wishes to amend its application to reflect or to phase in the rates that will generate Staff's optimum revenue requirement, and that will differ from those in its application, it shall submit such amendment when filing its comments.
2. If Jackson County should choose to amend its application to reflect rates that differ from those in its application, Jackson shall notify its customers of the amended rate proposal in accordance with 807 KAR 5:011, Section 8.

3. If no request for a hearing or informal conference is received within 10 days from the date of this Order, this case shall stand submitted to the Commission for decision.

Done at Frankfort, Kentucky, this 2nd day of May, 2000.

By the Commission

ATTEST:


Executive Director

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMISSION

In the Matter of:

THE PETITION OF JACKSON COUNTY WATER)
ASSOCIATION FOR ADJUSTMENT OF RATES) CASE NO. 1999-417

STAFF REPORT

Prepared by: Karen S. Harrod, CPA
Public Utilities Financial Analyst
Water and Sewer Revenue
Requirements Branch
Division of Financial Analysis

Prepared by: Renee Curry
Public Utilities Rate Analyst
Communications, Water and
Sewer Rate Design Branch
Division of Financial Analysis

STAFF REPORT
ON
JACKSON COUNTY WATER ASSOCIATION
CASE NO. 1999-417

On October 4, 1999, Jackson County Water Association ("Jackson County") submitted its application for Commission approval of proposed water rates. The application was considered filed on November 25, 1999, when all deficiencies were cured. In order to evaluate the requested increase, Commission Staff ("Staff") performed a limited financial review of Jackson County's test period operations, the year ended December 31, 1998.

The scope of Staff's review was limited to obtaining information as to whether the test period operating revenues and expenses were representative of normal operations. Insignificant or immaterial discrepancies were not pursued and are not addressed herein.

Karen Harrod, Scott Lawless, and Renee Curry, of the Commission's Division of Financial Analysis began the review on November 16, 1999. Ms. Harrod is responsible for the preparation of this Staff Report except for the determination of normalized operating revenue and Attachments E, F, and G, which were prepared by Ms. Curry.

A schedule of Jackson County's proposed pro-forma operations is shown in Attachment A. Based on Staff's recommendations Jackson County's operating statement and revenue requirement would appear as set forth in Attachments B and C, respectively.

Jackson County's proposed rates would produce a revenue requirement of \$1,290,480,¹ or an increase of \$143,598 over test year revenues. This results in an increase over normalized test-year revenues from water sales of 13.26 percent. Based on Staff's recommended operations and a 1.1² Debt Service Requirement, Staff determined that Jackson County's minimum and optimum revenue requirement range is from \$1,074,558 to \$1,330,573, as shown in Attachment C.

The minimum revenue requirement of \$1,074,558 will permit Jackson County to meet its adjusted test-period operating expenses, excluding depreciation expense, and the minimum debt service requirements of its long-term debt instruments. The optimum revenue requirement of \$1,330,573 will allow Jackson County to meet its adjusted test-period operating expenses, including depreciation expense, and the minimum debt service requirements of its long-term debt instruments.

Since Jackson County's requested revenue requirement is within the acceptable range and produces a positive cash flow of \$215,922, as computed in Attachment D, Staff recommends that Jackson County's proposed revenue requirement be accepted.

Attachments E and F contain the discussion and workpapers with regard to Staff's cost of service study. The recommended rates, based on Staff's cost of service study, are shown on Sheet 11 of Attachment F and will achieve the requested revenue requirement of \$1,290,480. The rates shown on Sheet 8 of Attachment G will achieve the maximum revenue requirement of \$1,330,573 and are also calculated based on Staff's cost of service study.

¹Exhibit 14 of Exhibit 5 of Jackson County's Application.

²Exhibit 6 of Exhibit 5 of Jackson County's application.

The rate contained in Attachment F will achieve Staff's recommended level of revenue. Attachment H contains staff's recommended tariff for Jackson County.

Signatures



Prepared by: Karen S. Harrod, CPA
Public Utility Financial Analyst
Water and Sewer Revenue
Requirements Branch
Division of Financial Analysis



Prepared by: Renee Curry
Public Utilities Rate Analyst
Communications, Water and
Sewer Rate Design Branch
Division of Financial Analysis

ATTACHMENT A
 STAFF REPORT CASE NO. 99-417
 JACKSON COUNTY WATER ASSOCIATION - REQUESTED OPERATIONS

	Test Year per Annual Report	Proposed Adjustments	Proposed Test Year
Operating Revenues			
Metered Water Sales	1,008,743	186,347	1,195,090
Sales for Resale	25,101	6,294	31,395
Total Water Sales	<u>1,033,844</u>	<u>192,641</u>	<u>1,226,485</u>
Misc. Service Revenues	7,895	-	7,895
Total Operating Revenues	1,041,739	192,641	1,234,380
Operating Expenses			
Salaries & Wages - Employees	258,748	15,937	274,685
Employee Pensions & Benefits	41,428	13,280	54,708
Purchased Power	58,399	2,360	60,759
Chemicals	56,147	2,146	58,293
Materials & Supplies	122,152	1,000	123,152
Contractual Services	5,995	-	5,995
Accounting			
Contractual Services - Legal	1,000	-	1,000
Contractual Services - Other	32,165	1,800	33,965
Transportation Expense	13,164	-	13,164
Insurance - Vehicle	3,648	-	3,648
Insurance - General Liability	3,648	-	3,648
Insurance - Worker's Comp.	7,269	-	7,269
Insurance - Other	2,158	-	2,158
Bad Debt Expense	12,480	600	13,080
Miscellaneous	42,101	-	42,101
Depreciation Expense	256,015	-	256,015
Amortization Exp. - Rate Case	-	2,000	2,000
Taxes other than Income	25,168	989	26,157
Total Operating Expenses	<u>941,685</u>	<u>40,112</u>	<u>981,797</u>
Utility Operating Income	100,054	152,529	252,583
Other Income			
Interest Income	46,757	-	46,757
Nonutility Income	9,008	-	9,008
Total Other Income	<u>55,765</u>	<u>-</u>	<u>55,765</u>
Income Available for Debt Service	<u>155,819</u>	<u>152,529</u>	<u>308,348</u>

ATTACHMENT B
STAFF REPORT CASE NO. 99-417
STAFF'S RECOMMENDED OPERATIONS

	Test Year per Annual Report	Staff Recommended Adjustments	Ref.	Staff Recommended Test Year
Operating Revenues				
Metered Water Sales	1,008,743	49,378	A	1,058,121
Sales for Resale	25,101			25,101
Total Water Sales	1,033,844	49,378		1,083,222
Misc. Service Revenues	7,895	-		7,895
Total Operating Revenues	1,041,739	49,378		1,091,117
Operating Expenses				
Salaries & Wages - Employees	258,748	27,489	B,F	286,237
Employee Pensions & Benefits	41,428	14,998	C	56,426
Purchased Power	58,399	2,360	D	60,759
Chemicals	56,147	2,146	E	58,293
Materials & Supplies	122,152	-	F	122,152
Contractual Services - Accounting	5,995	-		5,995
Contractual Services - Legal	1,000	(1,000)	G	-
Contractual Services - Other	32,165	1,560	F	33,725
Transportation Expense	13,164	-		13,164
Insurance - Vehicle	3,648	-		3,648
Insurance - General Liability	3,648	-		3,648
Insurance - Worker's Comp.	7,269	-		7,269
Insurance - Other	2,158	-		2,158
Bad Debt Expense	12,480	-	F	12,480
Miscellaneous	42,101	(2,821)	H	39,280
Depreciation Expense	256,015	-		256,015
Amortization Expense - Rate Case	-	-	I	-
Taxes other than Income	25,168	2,103	J	27,271
Total Operating Expenses	941,685	46,835		988,520
Utility Operating Income	100,054	2,543		102,597
Other Income				
Interest Income	46,757	-		46,757
Nonutility Income	9,008	-		9,008
Total Other Income	55,765	-		55,765
Income Available for Debt Service	155,819	2,543		158,362

ATTACHMENT B
STAFF REPORT CASE NO. 99-417
STAFF'S RECOMMENDED OPERATIONS

(A) Operating Revenues – Water Sales

Jackson County's 1998 annual report showed annual revenue from water sales in the amount of \$1,033,844 and total operating revenue of \$1,041,739. Staff's billing analysis showed that Jackson County's total revenue from water sales for the 1998 test year was \$1,029,270, a decrease of \$4,574 from the reported amount. Staff then normalized rates to include 200 additional customers served by Jackson County and not included in the test year billing analysis. Based on an average monthly usage of 4,200 gallons and using test year rates, the additional customers will increase Jackson County's annual revenue by \$53,952³. These adjustments result in a net increase to revenues from water sales of \$49,378. For the purposes of this report, Jackson County's normalized revenue from water sales is \$1,083,222.

(B) Salaries & Wages

In its application Jackson proposed to increase test year salary expense by \$12,937 to a level of \$271,685. Based on the current salary levels of Jackson County's employees Staff calculated the current salary level to be \$286,237. An adjustment has been included to increase test year expense of \$258,748, by \$27,489.

Jackson County proposed an additional increase of \$3,000 to salary expense based on its increased level of customers. This adjustment has been excluded for rate-making purposes and is discussed in Item (F).

(C) Employee Pensions & Benefits Expense

For the test year Jackson County reported employee pensions and benefits expense of \$41,428 which it proposed to increase by \$13,280. Staff recommends a net

ATTACHMENT B
STAFF REPORT CASE NO. 99-417
STAFF'S RECOMMENDED OPERATIONS

increase of \$14,998 to include the current level of health insurance expense being incurred and to increase retirement expense based on the recommended increase in salaries & wages expense.

Current Annual Health Insurance Expense	\$ 45,660	
Less: Test Year Expense	<u>31,762</u>	
Recommended Increase in Health Insurance Exp.		\$ 13,898
Recommended Increase – Salaries & Wages	\$ 27,489	
Retirement paid by utility	<u>.04</u>	
Recommended Increase in Retirement Expense		<u>1,100</u>
Total Increase in Employee Pensions & Benefits Expense		<u>\$ 14,998</u>

(D) Purchased Power

Jackson County reported test year purchased power expense of \$58,399. It proposed to increase this expense by \$2,360 based on additional water treatment expense and repumping costs associated with serving 200⁴ additional customers. Staff has reviewed the calculations in support of these adjustments and concurs that they should be included for rate-making purposes.

(E) Chemicals Expense

Jackson County reported test year chemicals expense of \$56,147. It proposed to increase this expense by \$2,146 based on additional water treatment expense associated with serving 200 additional customers. Staff has reviewed the calculations in support of this adjustment and recommends that it be included for rate-making purposes.

⁴Per Application Rate Study, Exhibit 13.

ATTACHMENT B
STAFF REPORT CASE NO. 99-417
STAFF'S RECOMMENDED OPERATIONS

(F) Customer Accounts Expense

In its application Jackson County proposed an adjustment to increase test year customer accounts expenses by \$6,400 based on additional costs to be incurred as a result of serving 200 additional customers. Staff has allocated this proposed increase to the following accounts, based on information provided in Jackson County's 1998 annual report.

Expense	Test Year Exp. Per Annual Rpt		Test Year # Customers		Cost per Customer		# New Customers		Proposed Increase
Salaries & Wages	54,943	÷	3,673	=	15	×	200	=	3,000
Materials & Supplies	16,923	÷	3,673	=	5	×	200	=	1,000
Contract Serv.-Other	32,165	÷	3,673	=	9	×	200	=	1,800
Bad Debt Expense	12,480	÷	3,673	=	3	×	200	=	600
Total	116,511				32				6,400

Customer accounts expense includes expenses for salaries and wages, materials and supplies, contract services – other (meter reading), and bad debt expense. It is Staff's opinion that, with the exception of meter reading, these expenses do not necessarily increase in direct proportion to an increase in customers. Accordingly, Staff recommends an adjustment be made to increase meter reading expense, calculated as follows:

Cost per meter	\$.65
Number of new customers	<u>200</u>
Monthly Cost	\$ 130
	<u>12</u>
Annual Cost	<u>\$ 1,560</u>

ATTACHMENT B
STAFF REPORT CASE NO. 99-417
STAFF'S RECOMMENDED OPERATIONS

(G) Contractual Services – Legal

During the test year Jackson County paid legal expenses of \$1,000 for services performed during 1997. There were no legal expenses reported for the test period. Accordingly, Staff recommends an adjustment to eliminate legal expenses from test period operations.

(H) Miscellaneous Expenses

Jackson County reported test year miscellaneous expense of \$42,101. Staff recommends a net decrease to test year expense of \$2,821 based on the following adjustments:

Non-Recurring Charges

Out of State Travel to tour a Membrane Filter Water Treatment Plant	\$ (826)
Installation of cable service at plant	(241)

Not allowed for Rate-making purposes

Snacks	(498)
Christmas Hams & Bonuses	(1,556)

Annualization Adjustment

Quarterly Copier Maintenance (Test year included only 3 qtrs. of expense)	300
--	-----

Net Adjustment	\$ (2,821)
----------------	------------

(I) Amortization of Rate Case Expense

Jackson County proposed to include the amortization of rate case expenses totaling \$6,000 over a period of three years.⁵ Staff concurs that this is an allowable and appropriate adjustment however, no invoices have been presented to support the

⁵ Application Rate Study, Exhibit 14.

ATTACHMENT B
STAFF REPORT CASE NO. 99-417
STAFF'S RECOMMENDED OPERATIONS

estimated expenses. Accordingly, the proposed adjustment has not been included in the determination of Jackson County's revenue requirement.

(J) Taxes other than Income

In its application Jackson County proposed to increase taxes other than income tax expense by \$989, based on its proposed increase to test year salary expense. Staff recommends an increase to this expense of \$2,103 based on the recommended increase to salaries and wages expense.

Recommended Salaries & Wages Increase	\$ 27,489
FICA Rate	<u>.0765</u>
Recommended Increase	<u>\$ 2,103</u>

ATTACHMENT C
 STAFF REPORT CASE NO. 99-417
 STAFF'S RECOMMENDED MINIMUM AND OPTIMUM REVENUE REQUIREMENT

	Staff Recommended Minimum (Excludes Depreciation)	Staff Recommended Optimum (Includes Depreciation)
Adjusted Operating Expenses	732,505	988,520
Avg. Annual Debt Service	310,957	310,957
.1 DSC	31,096	31,096
Total Revenue Requirement	1,074,558	1,330,573
Less:		
Normalized Operating Rev. from Water Sales	1,083,222	1,083,222
Misc. Service Revenues	7,895	7,895
Interest Income	46,757	46,757
Non-utility Income	9,008	9,008
Increase in Revenue from Water Sales	(72,324)	183,691
% Increase in Revenue from Water Sales	-6.68%	16.96%

ATTACHMENT D
STAFF REPORT CASE NO. 99-417
ANALYSIS OF CASH FLOW

Test Year Operating Revenues	\$ 1,091,117
Add: Recommended Revenue Increase	<u>143,598</u>
Recommended Total Operating Revenue	\$ 1,234,715
Add: Interest Income	46,757
Non-utility Income	9,008
Recommended Total Revenues	\$ 1,290,480
Less: Recommended Operating Expenses	988,520
Annual Debt Service	310,957
.1 Debt Service Coverage	<u>31,096</u>
Recommended Operating Income	\$ (40,093)
Add back: Depreciation Expense	<u>256,015</u>
Cash Flow	<u><u>\$ 215,922</u></u>

ATTACHMENT E
STAFF REPORT CASE NO. 99-417
COST OF SERVICE STUDY

Current Rate Design. Jackson County's current retail rate design is a 5-step declining block schedule with usage increments of 1,000 gallons, 4,000 gallons, 5,000 gallons, 10,000 gallons, and over 20,000 gallons.

Jackson County submitted a proposal to reduce its 5-step declining block rate schedule to a 2-step declining block rate schedule with usage increments of 1,000 gallons and over 1,000 gallons. Jackson County's proposal would increase the minimum usage amount by 18.2 percent and increase the cost for usage of 100,000 gallons by 72.3 percent.

Jackson County has three wholesale customers, the City of McKee ("McKee"), Rockcastle County Water Association ("Rockcastle"), and the City of Beattyville ("Beattyville"). Jackson County has a flat per 1,000 gallon wholesale rate for each of its wholesale customers. Jackson County proposed to increase the rates of its wholesale customers as follows: McKee from \$1.10 to \$1.50; Rockcastle from \$1.48 to \$1.79; and Beattyville from \$1.28 to \$1.66.

Wholesale Rate. Jackson County filed a cost of service study allocating expenses to each wholesale customer. Commission Staff made adjustments to the study to reflect the usage obtained from its billing analysis and to reflect Sand Gap truck sales. Staff's cost of service study is shown at Attachment F.

The first step in preparing the cost of service study was to determine the wholesale rates. Commission Staff first determined the amount of water produced and sold shown at Sheet 1. Jackson County sold 12,289,100 gallons to McKee; 3,542,000 gallons to Rockcastle; and 3,989,000 gallons to Beattyville. Jackson County reported utility use of 8.06 percent and line loss of 6.04 percent. However based on Staff's billing

ATTACHMENT E
STAFF REPORT CASE NO. 99-417
COST OF SERVICE STUDY

analysis and the inclusion of the Sand Gap truck sales, line loss has been adjusted to 3.90 percent.

Commission Staff then allocated the inch miles of line that were jointly used by Jackson County and each of its wholesale customers. The wholesale allocations factors shown at Sheet 2 were based on the ratio of sales to each wholesale customer to total sales and the ratio of total system miles of line to each wholesale customers jointly used miles of line. Water production factors of .0523 for McKee; .0151 for Rockcastle; and .0170 for Beattyville; and transmission factors of .0026 for McKee; .0021 for Rockcastle; and .0016 for Beattyville were determined to be the factors to be used in allocating costs to the wholesale customers.

Sheet 3 shows the allocation of depreciation.

Staff's allocation of wholesale costs (Sheet 4) shows the total costs of Jackson County, the allocation factors used to allocated each cost, and the dollar amount allocated to each wholesale customer. All of the wholesale costs are then subtracted from the total cost to determine the cost to be paid by the retail customers. The wholesale cost is then divided by the total gallons sold to each wholesale customer to determine the wholesale customer's rate. Based upon Staff's cost of service study, the rate for McKee should be \$1.47 per 1,000 gallons. The rate for Rockcastle should be \$1.79 per 1,000 gallons. The rate for Beattyville should be \$1.63 per 1,000 gallons.

Retail Rates. Jackson County filed a study setting out proposed rates for its retail customers. The first 1,000 gallon increment included all debt service coverage and depreciation expense. The over 1,000 gallon increment included all operation and maintenance costs. By including customer costs in the operation and maintenance

ATTACHMENT E
STAFF REPORT CASE NO. 99-417
COST OF SERVICE STUDY

expense, fixed costs such as meter reading and billing and collecting were allocated on a per 1,000 gallon basis. In other words, customers who use 100,000 gallons would pay 100 times more postage expense than customers who use 1,000 gallons.

Commission Staff prepared a cost of service study for Jackson County's retail customers based on the commodity demand methodology as set out in the American Water Works Association's ("AWWA") Manual M-1. This study recognizes that a utility must be prepared for meeting peak demand requirements as well as the average water use needs. In other words, a system must be sized to meet the demand of the residential customers who tend to place a larger demand on the system than very large customers. The large consumers use water throughout the day and night and generally place a smaller demand on the system than residential customers who use water for a few hours each day.

The commodity demand method allocates costs into either commodity or customer functions. Commodity costs are those costs that vary directly with the quantity of water produced such as chemicals, purchased water, and purchased power. Demand costs are associated with providing facilities to meet the peak demands placed on the system. These costs include transmission and distribution costs. Customer costs are those associated directly with serving the customers regardless of the amount of water used. These costs include meter reading and billing and collecting.

Sheet 5 shows the allocation of expenses to the functional cost components. Administrative and general expenses are allocated to the cost components based on the subtotal of all other expenses, excluding commodity costs.

ATTACHMENT E
STAFF REPORT CASE NO. 99-417
COST OF SERVICE STUDY

Once operating and maintenance expense has been allocated, all other expenses and income must be allocated to the functional categories. Sheet 6 is the allocation of expenses and other revenue based on Jackson County's revenue requirement (Sheet 5). Sheet 6 shows that \$276,162 should be collected from the commodity category, \$813,900 from the demand category, and \$103,815 from the customer category.

After costs have been allocated by function, a billing analysis must be reviewed to study the usage patterns of the customers of a utility. The usage patterns of Jackson County's retail customers are shown at Sheet 7.

Jackson County proposed to change its rate schedule to first 1,000 gallons and over 1,000 gallons. However, based on Jackson County's customers usage patterns, Staff proposes that the current rate schedule be changed to a 4-step declining block schedule with usage increments at first 2,000 gallons, next 18,000 gallons, next 30,000 gallons, and over 50,000 gallons. Staff is of the opinion that a 4-step rate schedule will alleviate some of the "rate shock" for the customers who use over 20,000 gallons who, based on the cost of service study, have not been paying their share of the costs.

Sheet 8 shows the calculations of the retail water rates, and Sheet 9 is a verification schedule showing that the rates produced by the cost of service study will in fact produce the correct amount of revenue. Sheet 10 is a comparison of Jackson County's current rates and the cost of service rates. This comparison shows that the customers with an average usage of 4,200 gallons will receive a slight increase of 0.89 percent while customers using over 20,000 gallons will receive significantly larger increases. However, it should be noted that 9 percent of Jackson County's total water

ATTACHMENT E
STAFF REPORT CASE NO. 99-417
COST OF SERVICE STUDY

sales is over the 20,000 gallons usage increment and this increase would effect 1 percent of Jackson County's residential customers. Sheet 11 shows Staff's recommended rates.

Attachment G is a cost of service study for Jackson County Water Association performed in the same manner as the study at Attachment F. The only difference in this cost of service study is that it allows for full depreciation in the amount of \$256,015 and debt service in the amount of \$342,053. In Attachment F, depreciated was decreased by \$31,891 from \$256,015 to \$224,124 and debt service was decreased by \$8,202 from \$342,053 to \$333,851 in order to achieve the utility requested revenue.

Non-recurring Charges. Jackson County also proposed to increase and establish certain non-recurring charges. After reviewing Jackson County's cost justification for these non-recurring charges, Staff believes that the proposed charges should be approved. However, when reviewing Jackson County's tariff, Staff noted that its tariff was outdated and included several items that needed revisions such as incorrect language on interest to be paid on customer deposits. Staff has prepared a new tariff for Jackson County making several necessary revisions and including language for the non-recurring charges. Jackson County should review the tariff and make sure it is in agreement with Staff. In such case, Jackson County should file the tariff shown at Attachment H at the conclusion of this case.

ATTACHMENT F
STAFF REPORT CASE NO. 1999-417

Cost of Service Study

Utility Requested Revenue

Wholesale Rate Allocations	Sheet 1 - Sheet 4
Retail Rate Allocations	Sheet 5 - Sheet 8
Verification of Recommended Rates	Sheet 9
Comparison of Current & Cost of Service Rates	Sheet 10
Recommended Rates	Sheet 11

Total Water Produced and Sold

	Gallons	Percent
Sales to Retail	204,407,100	
Truck Sales	1,080,000	
Sales to Wholesale		
City of McKee	12,289,100	
Rockcastle Co Water Assoc	3,542,000	
City of Beatyville	3,989,000	
Total Water Produced and Purchased	288,801,000	
Total Sold	225,307,200	
Free Water	108,000	
Plant Use	28,850,200	
Utility Use	23,269,500	8.06%
Line Loss	11,266,100	3.90%

Wholesale Allocation Factors

		Multiplier
Plant Use Percentage	0.08	
Line Loss Percentage	0.04	
Joint Share of Plant Use & Line Loss	$1.0 \times .04 + .08$	0.12
Jackson Co Water Production Multiplier	1/1-.12	1.1364
Wholesale Inch Mile Ratio		
City of McKee	58.8/1238.5	0.0475
Rockcastle Co Water Assoc	164.4/1238.5	0.1327
City of Beattyville	113.8/1238.5	0.0919
Wholesale Share of Line Loss		
City of McKee	$.0475 \times .04 + .08$	0.0819
Rockcastle Co Water Assoc	$.1327 \times .04 + .08$	0.0853
City of Beattyville	$.0919 \times .04 + .08$	0.0837
Production Multiplier		
City of McKee	1 / 1-.0819	1.0892
Rockcastle Co Water Assoc	1/1-.0853	1.0933
City of Beattyville	1/1-.0837	1.0913
Production Allocation Factor		
City of McKee	$\frac{12,289,100}{225,307,200} \times (1.0892/1.1364)$	0.0523
Rockcastle Co Water Assoc	$\frac{3,542,000}{225,307,200} \times (1.0933/1.1364)$	0.0151
City of Beattyville	$\frac{3,989,000}{225,307,200} \times (1.0913/1.1364)$	0.0170
Pipeline Transmission Factor		
City of McKee	$(12,289,100/225,307,200) \times .0475$	0.0026
Rockcastle Co Water Assoc	$(3,542,000/225,307,200) \times .1327$	0.0021
City of Beattyville	$(3,989,000/225,307,200) \times .0919$	0.0016

Allocation of Depreciation

Utility Requested Revenue

		Percent	Redistributed General Plant	Depreciation by Function
Water Supply & Treatment	\$47,889	23.96%	\$5,805	\$53,694
Distribution Reservoirs	19,092	9.55%	2,314	21,406
Trans/Dist Mains	120,865	60.46%	14,648	135,513
Meters & Services	12,051	6.03%	1,460	13,511
General Plant	24,227			
Total Depreciation	\$224,124		\$24,227	\$224,124

Note: Total Depreciation reduced 12.46% to achieve utility revenue requirement.

ALLOCATION OF OPERATION AND MAINTENANCE EXPENSES
Utility Requested Revenue

	Total	McKee Allocation Factor	McKee	Rockcastle Allocation Factor	Rockcastle	Beattyville Allocation Factor	Beattyville	Jackson
Salaries								
Supply/Treatment	\$74,476	0.0523	\$3,895	0.0151	\$1,125	0.0170	\$1,266	\$68,190
Transmission/Distribution	115,642	0.0026	301	0.0021	243	0.0016	185	114,913
Customer Accounts	60,780	0.0000	0	0.0000	0	0.0000	0	60,780
Administrative/General	35,339	0.0026	92	0.0021	74	0.0016	57	35,116
Employee Pension/Benefits								
Supply/Treatment	14,683	0.0523	768	0.0151	222	0.0170	250	13,443
Transmission/Distribution	22,796	0.0026	59	0.0021	48	0.0016	36	22,653
Customer Accounts	11,979	0.0000	0	0.0000	0	0.0000	0	11,979
Administrative/General	6,968	0.0026	18	0.0021	15	0.0016	11	6,924
Insurance - Worker's Comp								
Supply/Treatment	1,891	0.0523	99	0.0151	29	0.0170	32	1,731
Transmission/Distribution	2,937	0.0026	8	0.0021	6	0.0016	5	2,918
Customer Accounts	1,543	0.0000	0	0.0000	0	0.0000	0	1,543
Administrative/General	898	0.0026	2	0.0021	2	0.0016	1	893
Taxes other than Income - Payroll								
Supply/Treatment	6,102	0.0523	319	0.0151	92	0.0170	104	5,587
Transmission/Distribution	9,475	0.0026	25	0.0021	20	0.0016	15	9,415
Customer Accounts	4,979	0.0000	0	0.0000	0	0.0000	0	4,979
Administrative/General	2,897	0.0026	8	0.0021	6	0.0016	5	2,878
Purchased Power								
Supply/Treatment	36,070	0.0523	1,886	0.0151	545	0.0170	613	33,026
Transmission/Distribution	24,689	0.0026	64	0.0021	52	0.0016	40	24,533
Chemicals	58,293	0.0523	3,049	0.0151	880	0.0170	991	53,373
Materials & Supplies								
Transmission/Distribution	105,229	0.0026	274	0.0021	221	0.0016	168	104,566
Customer Accounts	16,923	0.0000	0	0.0000	0	0.0000	0	16,923
Transportation Expense	13,164	0.0026	34	0.0021	28	0.0016	21	13,081
Insurance								
Vehicle	3,648	0.0026	9	0.0021	8	0.0016	6	3,625
General Liability	3,648	0.0026	9	0.0021	8	0.0016	6	3,625
Other	2,158	0.0026	6	0.0021	5	0.0016	3	2,144
Contractual Services								
Accounting	5,995	0.0026	16	0.0021	13	0.0016	10	5,956
Other	33,725	0.0026	88	0.0021	71	0.0016	54	33,512
Bad Debt Expense	12,480	0.0000	0	0.0000	0	0.0000	0	12,480
Miscellaneous Expense								
Transmission/Distribution	10,956	0.0026	28	0.0021	23	0.0016	18	10,887
Administrative/General	28,324	0.0026	74	0.0021	59	0.0016	45	28,146
Taxes other than Income	\$3,818	0.0026	\$10	0.0021	\$8	0.0016	\$6	\$3,794
Total Operation/Maintenance	\$732,505		\$11,141		\$3,803		\$3,948	\$713,613
Depreciation								
Supply/Treatment	53,694	0.0523	2,808	0.0151	811	0.0170	913	\$49,162
Dist Reservoirs & Standpipes	21,406	0.0026	56	0.0021	45	0.0016	34	\$21,271
Transmission/Distribution	135,513	0.0026	352	0.0021	285	0.0016	217	\$134,659
Meters & Services	13,511	0.0000	0	0.0000	0	0.0000	0	\$13,511
Debt Service								
Supply/Treatment	56,411	0.0523	2,950	0.0151	852	0.0170	959	\$51,650
Transmission/Distribution	255,440	0.0026	664	0.0021	536	0.0016	409	\$253,831
Meters & Services	22,000	0.0000	0	0.0000	0	0.0000	0	\$22,000
Total - Utility Req Revenue	\$1,290,480		\$17,971		\$6,332		\$6,480	\$1,259,697
Rate to Wholesale			\$1.47		\$1.79		\$1.63	

Note: Depreciation reduced \$31,891 to achieve utility requested revenue.
 Note: Debt Service reduced \$8,202 to achieve utility requested revenue.
 Note: Rates to McKee and Beattyville each increased \$0.01 to obtain revenue required.

ALLOCATION OF RETAIL OPERATION AND MAINTENANCE EXPENSES

Utility Requested Revenue

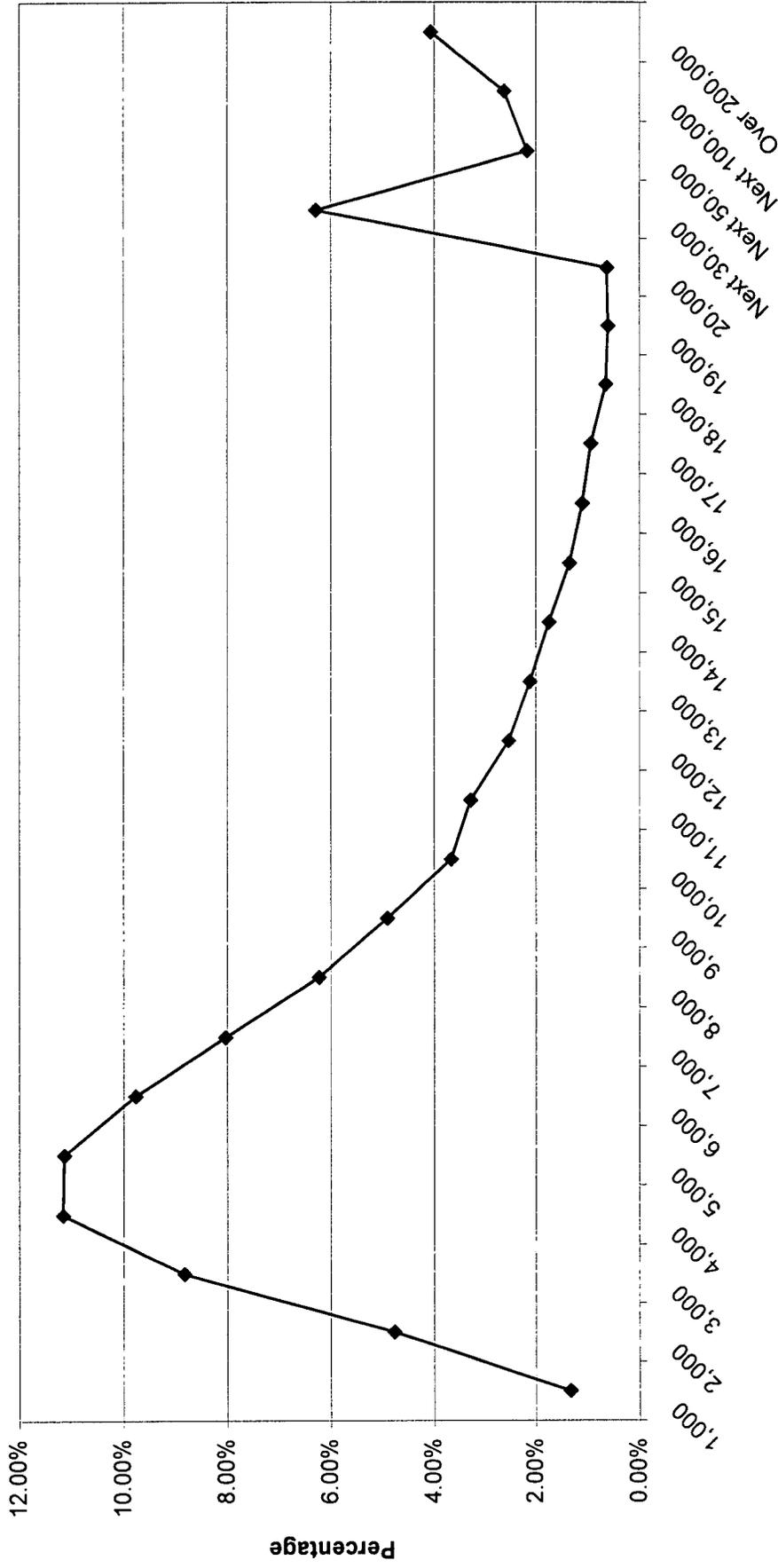
	Total	Commodity	Demand	Customer
Salaries				
Supply/Treatment	\$68,190	\$68,190		
Transmission/Distribution	114,913		114,913	
Customer Accounts	60,780			60,780
Employee Pension/Benefits				
Supply/Treatment	13,443	13,443		
Transmission/Distribution	22,653		22,653	
Customer Accounts	11,979			11,979
Insurance - Worker's Comp				
Supply/Treatment	1,731	1,731		
Transmission/Distribution	2,918		2,918	
Customer Accounts	1,543			1,543
Taxes other than Income - Payroll				
Supply/Treatment	5,587	5,587		
Transmission/Distribution	9,415		9,415	
Customer Accounts	4,979			4,979
Purchased Power				
Supply/Treatment	33,026	33,026		
Transmission/Distribution	24,533		24,533	
Chemicals	53,373	53,373		
Materials & Supplies				
Transmission/Distribution	104,566		104,566	
Customer Accounts	16,923			16,923
Misc Expense-Trans/Distribution	10,887		10,887	
Subtotal	561,439	175,350	289,885	96,204
Less Commodity	(175,350)			
Total	\$386,089		\$289,885	\$96,204
Percentages	100.00%		75.08%	24.92%
Administrative/General				
Salaries	35,116		26,365	8,751
Employee Pension/Benefits	6,924		5,199	1,725
Insurance-Worker's Comp	893		670	223
Taxes other than Income - Payroll	2,878		2,161	717
Transportation Expense	13,081		9,821	3,260
Insurance			0	0
Vehicle	3,625		2,722	903
General Liability	3,625		2,722	903
Other	2,144		1,610	534
Contractual Services			0	0
Accounting	5,956		4,472	1,484
Other	33,512		25,161	8,351
Bad Debt Expense	12,480		9,370	3,110
Miscellaneous Expense	28,146		21,132	7,014
Taxes other than Income	\$3,794		2,849	945
Total Operation/Maintenance	\$713,613	175,350	404,139	134,124
Depreciation				
Supply/Treatment	49,162	49,162		
Dist Reservoirs & Standpipes	21,271		21,271	
Transmission/Distribution	134,659		134,659	
Meters & Services	13,511			13,511
Debt Service				
Supply/Treatment	51,650	51,650		
Transmission/Distribution	253,831		253,831	
Meters & Services	22,000			22,000
Total - Utility Request Revenue Required - Retail Rates	\$1,259,697	\$276,162	\$813,900	\$169,635

ALLOCATION OF RETAIL COST OF SERVICE

Utility Requested Revenue

	Total	Commodity	Demand	Customer
Operation & Maintenance	\$713,613	\$175,350	\$404,139	\$134,124
Depreciation	218,603	49,162	155,930	13,511
Debt Service	327,481	51,650	253,831	22,000
General Water Service Cost-Retail	1,259,697	276,162	813,900	169,635
Less: Interest Income	(46,757)			(46,757)
Less: Nonutility Income	(9,008)			(9,008)
Less: Miscellaneous Service	(7,895)			(7,895)
Less: Truck Sales	(2,160)			(2,160)
Revenue Required from Retail Rates	1,193,877	276,162	813,900	103,815
Wholesale Revenue	30,783			
Total Revenue Required from Rates	\$1,224,660			

**Jackson County Water Association
Retail Customer Water Usage Patterns
Gallons Used**



CALCULATION OF RETAIL WATER RATES

Utility Requested Revenue

	Total	First 2,000	Next 18,000	Next 30,000	Over 50,000
Actual Water Sales:					
Thousand Gallons	214,487,100	79,823,500	115,135,200	8,083,500	11,444,900
	100.00%	37.216%	53.679%	3.769%	5.336%
Weighted Sales for Demand:					
Thousand Gallons	374,118,739	159,647,000	192,275,784	10,751,055	11,444,900
Percent	100.00%	42.673%	51.394%	2.874%	3.059%
Allocation of Volumetric Costs:					
Commodity	\$276,162	\$102,776	\$148,241	\$10,409	\$14,736
Demand	813,900	347,316	418,296	23,391	24,897
Customer	103,815	103,815			
Total	\$1,193,877	\$553,907	\$566,537	\$33,800	\$39,633
Number of Bills					
		46,479			
Proposed Rates					
		\$11.92	\$4.92	\$4.18	\$3.46

VERIFICATION OF RATES

Utility Requested Revenue

	Bills	Gallons	Rate	Revenue
5/8" x 3/4" Meters				
First 2,000 gallons	46113		11.90	548,744.70
Next 18,000 gallons		110,939,300	4.90	543,602.57
Next 30,000 gallons		4,221,300	4.13	17,433.97
Over 50,000 gallons		686,800	3.40	2,335.12
1" Meters				
First 5,000 gallons	156		26.60	4,149.60
Next 15,000 gallons		968,300	4.90	4,744.67
Next 30,000 gallons		586,900	4.13	2,423.90
Over 50,000 gallons		136,200	3.40	463.08
1 1/2" Meters				
First 10,000 gallons	84		51.10	4,292.40
Next 10,000 gallons		583,700	4.90	2,860.13
Next 30,000 gallons		1,343,700	4.13	5,549.48
Over 50,000 gallons		3,529,800	3.40	12,001.32
2" Meters				
First 20,000 gallons	95		100.10	9,509.50
Next 30,000 gallons		1,211,600	4.13	5,003.91
Over 50,000 gallons		3,395,400	3.40	11,544.36
3" Meters				
First 30,000 gallons	12		141.40	1,696.80
Next 20,000 gallons		240,000	4.13	991.20
Over 50,000 gallons		1,374,700	3.40	4,673.98
4" Meters				
First 40,000 gallons	19		182.70	3,471.30
Next 10,000 gallons		120,000	4.13	495.60
Over 50,000 gallons		2,322,000	3.40	7,894.80
	46479			
Revenue from Retail Rates				\$1,193,882.39
Wholesale Revenue				
City of McKee		12,289,100	1.47	18,064.98
Rockcastle Co Water Assoc		3,542,000	1.79	6,340.18
City of Beattyville		3,989,000	1.63	6,502.07
Total Revenue from Rates				1,224,789.62
Interest Income				46,757.00
Nonutility Income				9,008.00
Miscellaneous Service				7,895.00
Truck Sales				2,160.00
Total Revenue				\$1,290,609.62

Note: First 2,000 reduced \$0.02; Next 18,000 reduced \$0.02; Next 30,000 reduced \$0.05 and Over 50,000 reduced \$0.06 to obtain revenue requirement.

COMPARISON OF RETAIL RATES

Utility Requested Revenue

Gallon Usage	Current Rates	Cost of Service Rates	Increase	Percentage
1000	\$10.00	\$11.90	\$1.90	19.00%
2000	13.90	11.90	-\$2.00	-14.39%
3000	17.80	16.80	-\$1.00	-5.62%
4000	21.70	21.70	\$0.00	0.00%
4200	22.48	22.68	\$0.20	0.89%
5000	25.60	26.60	\$1.00	3.91%
6000	28.75	31.50	\$2.75	9.57%
7000	31.90	36.40	\$4.50	14.11%
8000	35.05	41.30	\$6.25	17.83%
9000	38.20	46.20	\$8.00	20.94%
10000	41.35	51.10	\$9.75	23.58%
12000	46.45	60.90	\$14.45	31.11%
20000	66.85	100.10	\$33.25	49.74%
25000	76.35	120.75	\$44.40	58.15%
30000	85.85	141.40	\$55.55	64.71%
35000	95.35	162.05	\$66.70	69.95%
50000	123.85	224.00	\$100.15	80.86%
75000	171.35	309.00	\$137.65	80.33%
100000	218.85	394.00	\$175.15	80.03%
200000	408.85	734.00	\$325.15	79.53%
300000	598.85	1,074.00	\$475.15	79.34%
500000	978.85	1,754.00	\$775.15	79.19%
1000000	1,928.85	3,454.00	\$1,525.15	79.07%

**Jackson County Water Association
Recommended Rates
Utility Requested Revenue**

Monthly Water Rates

3/4 inch Meter

First 2,000 gallons	\$11.90 per month
Next 18,000 gallons	4.90 per 1,000 gallons
Next 30,000 gallons	4.13 per 1,000 gallons
Over 50,000 gallons	3.40 per 1,000 gallons

1 inch meter

First 5,000 gallons	\$26.60 per month
Next 15,000 gallons	4.90 per 1,000 gallons
Next 30,000 gallons	4.13 per 1,000 gallons
Over 50,000 gallons	3.40 per 1,000 gallons

1 1/2 inch meter

First 10,000 gallons	\$51.10 per month
Next 10,000 gallons	4.90 per 1,000 gallons
Next 30,000 gallons	4.13 per 1,000 gallons
Over 50,000 gallons	3.40 per 1,000 gallons

2 inch meter

First 20,000 gallons	\$100.10 per month
Next 30,000 gallons	4.13 per 1,000 gallons
Over 50,000 gallons	3.40 per 1,000 gallons

3 inch meter

First 30,000 gallons	\$141.40 per month
Next 20,000 gallons	4.13 per 1,000 gallons
Over 50,000 gallons	3.40 per 1,000 gallons

4 inch meter

First 40,000 gallons	\$182.70 per month
Next 10,000 gallons	4.13 per 1,000 gallons
Over 50,000 gallons	3.40 per 1,000 gallons

Truck Sales

Sand Gap	\$2.00 per 1,000 gallons
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Wholesale

City of McKee	\$1.47 per 1,000 gallons
Rockcastle Co Water Association	\$1.79 per 1,000 gallons
City of Beatyville	\$1.63 per 1,000 gallons

Cost of Service Study

Staff Revenue Requirement

Wholesale Rate Allocations	Sheet 1 - Sheet 2
Retail Rate Allocations	Sheet 3 - Sheet 5
Verification of Recommended Rates	Sheet 6
Comparison of Current & Cost of Service Rates	Sheet 7
Recommended Rates	Sheet 8

Allocation of Depreciation

Staff Revenue Requirement

		Percent	Redistributed General Plant	Depreciation by Function
Water Supply & Treatment	\$54,704	23.96%	\$6,631	\$61,335
Distribution Reservoirs	21,809	9.55%	2,643	24,452
Trans/Dist Mains	138,063	60.46%	16,732	154,795
Meters & Services	13,765	6.03%	1,669	15,434
General Plant	27,674			
Total Depreciation	\$256,015		\$27,675	\$256,016

ALLOCATION OF OPERATION AND MAINTENANCE EXPENSES
Staff Revenue Requirement

	Total	McKee Allocation Factor	McKee	Rockcastle Allocation Factor	Rockcastle	Beattyville Allocation Factor	Beattyville	Jackson
Salaries								
Supply/Treatment	\$74,476	0.0523	\$3,895	0.0151	\$1,125	0.0170	\$1,266	\$68,190
Transmission/Distribution	115,642	0.0026	301	0.0021	243	0.0016	185	114,913
Customer Accounts	60,780	0.0000	0	0.0000	0	0.0000	0	60,780
Administrative/General	35,339	0.0026	92	0.0021	74	0.0016	57	35,116
Employee Pension/Benefits								
Supply/Treatment	14,683	0.0523	768	0.0151	222	0.0170	250	13,443
Transmission/Distribution	22,796	0.0026	59	0.0021	48	0.0016	36	22,653
Customer Accounts	11,979	0.0000	0	0.0000	0	0.0000	0	11,979
Administrative/General	6,968	0.0026	18	0.0021	15	0.0016	11	6,924
Insurance - Worker's Comp								
Supply/Treatment	1,891	0.0523	99	0.0151	29	0.0170	32	1,731
Transmission/Distribution	2,937	0.0026	8	0.0021	6	0.0016	5	2,918
Customer Accounts	1,543	0.0000	0	0.0000	0	0.0000	0	1,543
Administrative/General	898	0.0026	2	0.0021	2	0.0016	1	893
Taxes other than Income - Payroll								
Supply/Treatment	6,102	0.0523	319	0.0151	92	0.0170	104	5,587
Transmission/Distribution	9,475	0.0026	25	0.0021	20	0.0016	15	9,415
Customer Accounts	4,979	0.0000	0	0.0000	0	0.0000	0	4,979
Administrative/General	2,897	0.0026	8	0.0021	6	0.0016	5	2,878
Purchased Power								
Supply/Treatment	36,070	0.0523	1,886	0.0151	545	0.0170	613	33,026
Transmission/Distribution	24,689	0.0026	64	0.0021	52	0.0016	40	24,533
Chemicals	58,293	0.0523	3,049	0.0151	880	0.0170	991	53,373
Materials & Supplies								
Transmission/Distribution	105,229	0.0026	274	0.0021	221	0.0016	168	104,566
Customer Accounts	16,923	0.0000	0	0.0000	0	0.0000	0	16,923
Transportation Expense	13,164	0.0026	34	0.0021	28	0.0016	21	13,081
Insurance								
Vehicle	3,648	0.0026	9	0.0021	8	0.0016	6	3,625
General Liability	3,648	0.0026	9	0.0021	8	0.0016	6	3,625
Other	2,158	0.0026	6	0.0021	5	0.0016	3	2,144
Contractual Services								
Accounting	5,995	0.0026	16	0.0021	13	0.0016	10	5,956
Other	33,725	0.0026	88	0.0021	71	0.0016	54	33,512
Bad Debt Expense	12,480	0.0000	0	0.0000	0	0.0000	0	12,480
Miscellaneous Expense								
Transmission/Distribution	10,956	0.0026	28	0.0021	23	0.0016	18	10,887
Administrative/General	28,324	0.0026	74	0.0021	59	0.0016	45	28,146
Taxes other than Income	\$3,818	0.0026	\$10	0.0021	\$8	0.0016	\$6	\$3,794
Total Operation/Maintenance	\$732,505		\$11,141		\$3,803		\$3,948	\$713,613
Depreciation								
Supply/Treatment	61,335	0.0523	3,208	0.0151	926	0.0170	1,043	\$56,158
Dist Reservoirs & Standpipes	24,452	0.0026	64	0.0021	51	0.0016	39	\$24,298
Transmission/Distribution	154,795	0.0026	402	0.0021	325	0.0016	248	\$153,820
Meters & Services	15,433	0.0000	0	0.0000	0	0.0000	0	\$15,433
Debt Service								
Supply/Treatment	57,797	0.0523	3,023	0.0151	873	0.0170	983	\$52,918
Transmission/Distribution	261,716	0.0026	680	0.0021	550	0.0016	419	\$260,067
Meters & Services	22,540	0.0000	0	0.0000	0	0.0000	0	\$22,540
Total - Utility Req Revenue	\$1,330,573		\$18,518		\$6,528		\$6,680	\$1,298,847
Rate to Wholesale			\$1.51		\$1.85		\$1.68	

Note: Rockcastle and Beattyville rate each increased \$0.01 to obtain revenue required.

ALLOCATION OF RETAIL OPERATION AND MAINTENANCE EXPENSES
Staff Revenue Requirement

	Total	Commodity	Demand	Customer
Salaries				
Supply/Treatment	\$68,190	\$68,190		
Transmission/Distribution	114,913		114,913	
Customer Accounts	60,780			60,780
Employee Pension/Benefits				
Supply/Treatment	13,443	13,443		
Transmission/Distribution	22,653		22,653	
Customer Accounts	11,979			11,979
Insurance - Worker's Comp				
Supply/Treatment	1,731	1,731		
Transmission/Distribution	2,918		2,918	
Customer Accounts	1,543			1,543
Taxes other than Income - Payroll				
Supply/Treatment	5,587	5,587		
Transmission/Distribution	9,415		9,415	
Customer Accounts	4,979			4,979
Purchased Power				
Supply/Treatment	33,026	33,026		
Transmission/Distribution	24,533		24,533	
Chemicals	53,373	53,373		
Materials & Supplies				
Transmission/Distribution	104,566		104,566	
Customer Accounts	16,923			16,923
Misc Expense-Trans/Distribution	10,887		10,887	
Subtotal	561,439	175,350	289,885	96,204
Less Commodity	(175,350)			
Total	\$386,089		\$289,885	\$96,204
Percentages	100.00%		75.08%	24.92%
Administrative/General				
Salaries	35,116		26,365	8,751
Employee Pension/Benefits	6,924		5,199	1,725
Insurance-Worker's Comp	893		670	223
Taxes other than Income - Payroll	2,878		2,161	717
Transportation Expense	13,081		9,821	3,260
Insurance			0	0
Vehicle	3,625		2,722	903
General Liability	3,625		2,722	903
Other	2,144		1,610	534
Contractual Services			0	0
Accounting	5,956		4,472	1,484
Other	33,512		25,161	8,351
Bad Debt Expense	12,480		9,370	3,110
Miscellaneous Expense	28,146		21,132	7,014
Taxes other than Income	\$3,794		2,849	945
Total Operation/Maintenance	\$713,613	175,350	404,139	134,124
Depreciation				
Supply/Treatment	56,158	56,158		
Dist Reservoirs & Standpipes	24,298		24,298	
Transmission/Distribution	153,820		153,820	
Meters & Services	15,433			15,433
Debt Service				
Supply/Treatment	52,918	52,918		
Transmission/Distribution	260,067		260,067	
Meters & Services	22,540			22,540
Total - Utility Request Revenue Required - Retail Rates	\$1,298,847	\$284,426	\$842,324	\$172,097

ALLOCATION OF RETAIL COST OF SERVICE

Staff Revenue Requirement

	Total	Commodity	Demand	Customer
Operation & Maintenance	\$713,613	\$175,350	\$404,139	\$134,124
Depreciation	249,709	56,158	178,118	15,433
Debt Service	335,525	52,918	260,067	22,540
General Water Service Cost-Retail	1,298,847	284,426	842,324	172,097
Less: Interest Income	(46,757)			(46,757)
Less: Nonutility Income	(9,008)			(9,008)
Less: Miscellaneous Service	(7,895)			(7,895)
Less: Truck Sales	(2,160)			(2,160)
Revenue Required from Retail Rates	1,233,027	284,426	842,324	106,277
Wholesale Revenue	31,726			
Total Revenue Required from Rates	\$1,264,753			

CALCULATION OF RETAIL WATER RATES

Staff Revenue Requirement

	Total	First 2,000	Next 18,000	Next 30,000	Over 50,000
Actual Water Sales:					
Thousand Gallons	214,487,100	79,823,500	115,135,200	8,083,500	11,444,900
	100.00%	37.216%	53.679%	3.769%	5.336%
Weighted Sales for Demand:					
Thousand Gallons	374,118,739	159,647,000	192,275,784	10,751,055	11,444,900
Percent	100.00%	42.673%	51.394%	2.874%	3.059%
Allocation of Volumetric Costs:					
Commodity	\$284,426	\$105,852	\$152,677	\$10,720	\$15,177
Demand	842,324	359,445	432,904	24,208	25,767
Customer	106,277	106,277			
Total	\$1,233,027	\$571,574	\$585,581	\$34,928	\$40,944
Number of Bills		46,479			
Proposed Rates		\$12.30	\$5.09	\$4.32	\$3.58

VERIFICATION OF RATES

Staff Revenue Requirement

	Bills	Gallons	Rate	Revenue
5/8" x 3/4" Meters				
First 2,000 gallons	46113		12.28	566,267.64
Next 18,000 gallons		110,939,300	5.06	561,352.86
Next 30,000 gallons		4,221,300	4.30	18,151.59
Over 50,000 gallons		686,800	3.54	2,431.27
1" Meters				
First 5,000 gallons	156		27.46	4,283.76
Next 15,000 gallons		968,300	5.06	4,899.60
Next 30,000 gallons		586,900	4.30	2,523.67
Over 50,000 gallons		136,200	3.54	482.15
1 1/2" Meters				
First 10,000 gallons	84		52.76	4,431.84
Next 10,000 gallons		583,700	5.06	2,953.52
Next 30,000 gallons		1,343,700	4.30	5,777.91
Over 50,000 gallons		3,529,800	3.54	12,495.49
2" Meters				
First 20,000 gallons	95		103.36	9,819.20
Next 30,000 gallons		1,211,600	4.30	5,209.88
Over 50,000 gallons		3,395,400	3.54	12,019.72
3" Meters				
First 30,000 gallons	12		146.36	1,756.32
Next 20,000 gallons		240,000	4.30	1,032.00
Over 50,000 gallons		1,374,700	3.54	4,866.44
4" Meters				
First 40,000 gallons	19		189.36	3,597.84
Next 10,000 gallons		120,000	4.30	516.00
Over 50,000 gallons		2,322,000	3.54	8,219.88
	46479			
Revenue from Retail Rates				\$1,233,088.58
Wholesale Revenue				
City of McKee		12,289,100	\$1.51	18,556.54
Rockcastle Co Water Assoc		3,542,000	\$1.85	6,552.70
City of Beattyville		3,989,000	\$1.68	6,701.52
Total Revenue from Rates				1,264,899.34
Interest Income				46,757.00
Nonutility Income				9,008.00
Miscellaneous Service				7,895.00
Truck Sales				2,160.00
Total Revenue				\$1,330,719.34

Note: First 2,000 reduced \$0.02; Next 18,000 reduced \$0.03; Next 30,000 reduced \$0.02 and Next 50,000 reduced \$0.04 to obtain revenue requirement.

COMPARISON OF RETAIL RATES

Staff Revenue Requirement

Gallon Usage	Current Rates	Cost of Service Rates	Increase	Percentage
1000	\$10.00	\$12.28	\$2.28	22.80%
2000	13.90	12.28	-\$1.62	-11.65%
3000	17.80	17.34	-\$0.46	-2.58%
4000	21.70	22.40	\$0.70	3.23%
4200	22.48	23.41	\$0.93	4.14%
5000	25.60	27.46	\$1.86	7.27%
6000	28.75	32.52	\$3.77	13.11%
7000	31.90	37.58	\$5.68	17.81%
8000	35.05	42.64	\$7.59	21.65%
9000	38.20	47.70	\$9.50	24.87%
10000	41.35	52.76	\$11.41	27.59%
12000	46.45	62.88	\$16.43	35.37%
20000	66.85	103.36	\$36.51	54.61%
25000	76.35	124.86	\$48.51	63.54%
30000	85.85	146.36	\$60.51	70.48%
35000	95.35	167.86	\$72.51	76.05%
50000	123.85	232.36	\$108.51	87.61%
75000	171.35	320.86	\$149.51	87.25%
100000	218.85	409.36	\$190.51	87.05%
200000	408.85	763.36	\$354.51	86.71%
300000	598.85	1,117.36	\$518.51	86.58%
500000	978.85	1,825.36	\$846.51	86.48%
1000000	1,928.85	3,595.36	\$1,666.51	86.40%

**Jackson County Water Association
Recommended Rates
Staff Revenue Requirement**

Monthly Water Rates

3/4 inch Meter

First 2,000 gallons	\$12.28 per month
Next 18,000 gallons	5.06 per 1,000 gallons
Next 30,000 gallons	4.30 per 1,000 gallons
Over 50,000 gallons	3.54 per 1,000 gallons

1 inch meter

First 5,000 gallons	\$27.46 per month
Next 15,000 gallons	5.06 per 1,000 gallons
Next 30,000 gallons	4.30 per 1,000 gallons
Over 50,000 gallons	3.54 per 1,000 gallons

1 1/2 inch meter

First 10,000 gallons	\$52.76 per month
Next 10,000 gallons	5.06 per 1,000 gallons
Next 30,000 gallons	4.30 per 1,000 gallons
Over 50,000 gallons	3.54 per 1,000 gallons

2 inch meter

First 20,000 gallons	\$103.36 per month
Next 30,000 gallons	4.30 per 1,000 gallons
Over 50,000 gallons	3.54 per 1,000 gallons

3 inch meter

First 30,000 gallons	\$146.36 per month
Next 20,000 gallons	4.30 per 1,000 gallons
Over 50,000 gallons	3.54 per 1,000 gallons

4 inch meter

First 40,000 gallons	\$189.36 per month
Next 10,000 gallons	4.30 per 1,000 gallons
Over 50,000 gallons	3.54 per 1,000 gallons

Truck Sales

Sand Gap	\$2.00 per 1,000 gallons
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Wholesale

City of McKee	\$1.51 per 1,000 gallons
Rockcastle Co Water Association	\$1.85 per 1,000 gallons
City of Beatyville	\$1.68 per 1,000 gallons

ATTACHMENT H
STAFF REPORT CASE NO. 1999-417

**Staff
Recommended
Tariff**

P.S.C. KY. NO. _____

CANCELLING P.S.C. KY. NO. _____

JACKSON COUNTY WATER ASSOCIATION

OF

P.O. BOX 232

TYNER, KENTUCKY

RATES, RULES, AND REGULATIONS FOR FURNISHING

WATER SERVICE

AT

JACKSON COUNTY, KENTUCKY

FILED WITH THE

PUBLIC SERVICE COMMISSION

OF

KENTUCKY

ISSUED _____, _____

EFFECTIVE _____, _____

ISSUED BY _____

Name of Utility

BY _____

FOR Jackson County, Kentucky
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

Jackson County Water Association
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

CLASSIFICATION OF SERVICE

5/8" X 3/4" Meter

First 2,000 Gallons	\$11.90	Minimum Bill
Next 18,000 Gallons	4.90	per 1,000 Gallons
Next 30,000 Gallons	4.13	per 1,000 Gallons
Over 50,000 Gallons	3.40	per 1,000 Gallons

1 Inch Meter

First 5,000 Gallons	\$26.60	Minimum Bill
Next 15,000 Gallons	4.90	per 1,000 Gallons
Next 30,000 Gallons	4.13	per 1,000 Gallons
Over 50,000 Gallons	3.40	per 1,000 Gallons

1 1/2 Inch Meter

First 10,000 Gallons	\$51.10	Minimum Bill
Next 10,000 Gallons	4.90	per 1,000 Gallons
Next 30,000 Gallons	4.13	per 1,000 Gallons
Over 50,000 Gallons	3.40	per 1,000 Gallons

2 Inch Meter

First 20,000 Gallons	\$100.10	Minimum Bill
Next 30,000 Gallons	4.13	per 1,000 Gallons
Over 50,000 Gallons	3.40	per 1,000 Gallons

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TITLE _____

ISSUED BY THE AUTHORITY BY AN ORDER OF THE PUBLIC SERVICE COMMISSION OF KENTUCKY IN

CASE NO. _____ DATED _____.

FOR Jackson County, Kentucky
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

Jackson County Water Association
(Name of Utility)

CLASSIFICATION OF SERVICE

3 Inch Meter

First 30,000 Gallons	\$141.40	Minimum Bill
Next 20,000 Gallons	4.13	per 1,000 Gallons
Over 50,000 Gallons	3.40	per 1,000 Gallons

4 Inch Meter

First 40,000 Gallons	\$182.70	Minimum Bill
Next 10,000 Gallons	4.13	per 1,000 Gallons
Over 50,000 Gallons	3.40	per 1,000 Gallons

Truck Sales (Sand Gap) \$2.00 per 1,000 Gallons

Wholesale:

City of McKee \$1.47 per 1,000 Gallons

Rockcastle County Water Association 1.79 per 1,000 Gallons

City of Beattyville 1.63 per 1,000 Gallons

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CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

Jackson County Water Association
(Name of Utility)

CLASSIFICATION OF SERVICE

METER CONNECTION/TAP-ON CHARGES:

5/8 Inch X 3/4 Inch
All Larger Meters

\$400.00
Actual Cost

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Community, Town or City

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_____ SHEET NO. _____

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

Jackson County Water Association
(Name of Utility)

CLASSIFICATION OF SERVICE

NON-RECURRING CHARGES:

Connection/Turn-on Charge	36.00
Delinquent Account Disconnect	36.00
Field Collection Charge	36.00
Late Payment Penalty	10%
Meter Relocation Charge	Actual Cost
Meter Re-read Charge	36.00
Meter Test Charge	50.00
Re-connection Charge	36.00
Re-connection Charge (After Hours)	50.00*
Returned Check Charge	11.00
Service Call/Investigation	36.00
Service Call/Investigation (After Hours)	50.00*

*NOTE— Services performed at any time other than during regular working hours will be subject to the after hours rate.

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FOR Jackson County, Kentucky
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

Jackson County Water Association
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

RULES AND REGULATIONS

The following are the rules and regulations of the Jackson County Water Association. These rules and regulations are subject to change by the Water Association at any time subject to the approval of the Public Service Commission.

- A. The schedule of rates prescribed herein shall be uniformly charged to all customers of the utility. No one shall receive or be entitled to free service by the utility.
- B. Complaints may be made to the manager of the utility, which shall have 30 days to issue a decision. Customers have the right to appeal that decision to the Public Service Commission in accordance with its rules and regulations.
- C. The Association will use reasonable diligence in supplying water service and shall make every effort to notify affected customers in the event of a service interruption and approximate time of service restoration.
- D. The service connection supplied by the Association for each customer has a definite capacity and no addition to the equipment or load connected thereto will be allowed except by consent of the Association. Failure to give notice of additions or changes in load and to obtain the Association's consent of the same, may render the customer liable for damage to any of the Association's lines or equipment caused by the additional or changed installation as determined by a court of law having jurisdiction over the parties.
- E. No customer shall resell water except under the terms of a special contract executed by the utility.
- F. All taps and connections to the mains of the utility shall be made by and/or under the direction and supervision of utility personnel and shall incur a meter connection/tap-on charge. Payment of said fee is for the privilege of connecting to the water system of the utility and the payment of such fee does not constitute the purchase of a water meter.

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ADDRESS _____

FOR Jackson County, Kentucky
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

Jackson County Water Association
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

RULES AND REGULATIONS

- G. After the mains have been installed, tested, and chlorinated to the satisfaction of the Kentucky Department of Health, the utility shall then be responsible for furnishing potable water to the extension and for maintenance of the lines including meters, meter boxes, and service lines from the main to the meter.
- H. The customer shall be financially responsible for the installation and maintenance of his/her service line plumbing, including a shut-off valve, installed on his/her property beginning at the outlet side of the water meter. The installation and maintenance of the water service line shall be in accordance with the rules and regulations of the Kentucky Department of Health. The customer may, at his/her own expense, install a back-flow preventer and/or pressure regulator.
- I. Under no circumstances shall a single meter serve more than one permanent residential dwelling on undivided property, nor shall one meter serve multiple residential dwellings located on divided property.
- J. A permanent single-family residential dwelling, including any agricultural/barn usage, along with one non-permanent residential dwelling may be supplied from the same water meter under the following circumstances:
1. Written notification is given to the utility upon connection of the additional residential dwelling.
 2. The customer agrees to a method of billing whereby one bill is sent to the main residence consisting of a charge for two minimum bills, with the remaining water consumption divided in half and charged in accordance with the approved rate schedule.
 3. The customer is responsible for payment of all water passing through his/her meter, regardless of which residential dwelling is responsible for the water consumption.
- K. A multi-family dwelling shall be defined as a permanent-structure housing two or more units that produce rental revenue. This includes duplexes, triplexes, and apartment buildings.

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_____ SHEET NO. _____

RULES AND REGULATIONS

Where multiple apartment buildings under separate roofs are built on the same lot, each building must have a minimum of one water meter. At the discretion of the property owner, subject to proper payment of meter connection/tap-on charges, each individual apartment unit within a building may have separate meters.

- L. Where a commercial, industrial, or any other business entity involves more than one structure on a single lot, and all structures are operated as one entity under one entity name, a request can be made by the property owner that a single meter be used to serve the entire entity. Otherwise, each commercial, industrial, or any other business entity excluding residential and apartment complexes must have a separate meter. Should such property cease to be operated as one entity under one name, it will be required that separate water meters and service lines be installed and paid for by the respective property owner.

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_____ SHEET NO. _____

RULES AND REGULATIONS

- M. The utility may require a minimum cash deposit not to exceed 2/12ths of the customers actual or estimated bill, or other guaranty to secure payment of bills as set forth in 807 KAR 5:006 Section 7. Service may be refused or discontinued for failure to pay the required deposit.

Each time an individual has a water service in their name they are charged a deposit for each service. After a period of six months has passed, from the date the deposit was paid, the deposit is refundable, provided there are no delinquent accounts in the individual's name. This excludes the current bill. If an individual moves before the six months have elapsed, their deposit is refunded upon receipt of payment of the final bill. The amount of the deposit is an average of three months water bills; therefore, the amount of deposit may vary depending on meter size.

Interest, as prescribed by KRS 278.460, will be paid annually either by refund or credit to the customer's bill, except that no refund or credit will be made if the customer's bill is delinquent on the anniversary date of the deposit.

The Association will issue to every customer from whom a deposit is received, a certificate of deposit, showing the name of the customer, location of premises occupied and the date and amount of the deposit.

- N. Bills and notices relating to the conduct of the business of the utility will be mailed to the customer at the address listed on the user's agreement unless a change of address has been filed with the utility in writing. The utility shall not otherwise be responsible for delivery of any bill or notice nor will the customer be excused from the payment of any bill or any performance required in said notice.

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(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

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RULES AND REGULATIONS

O. The utility shall abide by the following Billing, Collection, and Penalty policies:

1. Water service will be billed monthly on or about the last day of each month.
2. Meters will be read bimonthly between the 15th and the 25th of each month. Where meters are read bi-monthly, the consumption for the first month of each bimonthly meter reading period shall be determined by calculation on the basis of the customer's previous usage, considering factors such as variations in weather, the trend in seasonal usage, etc., in order to provide as nearly accurate a bill as possible without actually reading the meter. The consumption for the second month shall be determined by actual measurement taken from the customers meter and subtracting therefrom the calculated consumption.
3. Bills are due and payable at the Jackson County Water Plant on the date of issuance.
4. Payment must be received, not postmarked, before the close of business on the tenth day following issuance of the bill; otherwise, the delinquent bill will be assessed the late payment penalty approved and on-file with the Public Service Commission.
5. The late payment penalty will be assessed on the delinquent amount of the bill, less any taxes.
6. Complaints may be made to the operator of the system and may be appealed to the Board of Directors and the Public Service Commission.

P. The utility shall assess a charge for the following non-recurring services:

1. Connection/Turn-on Charge: Shall be assessed for new service turn-ons, seasonal turn-ons, or temporary service. The charge will not be made for initial installation of service where a meter connection/tap-on charge is applicable.

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Jackson County Water Association
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

RULES AND REGULATIONS

2. Delinquent Account Disconnect: Shall be assessed if service is disconnected for nonpayment of bills.
3. Field Collection Charge: Shall be assessed when a utility representative visits the premises of the service connection to terminate service, and the customer is on-site and pays the bill to avoid termination of service.
4. Late Payment Penalty: Shall be assessed on the delinquent amount of the bill, less taxes, in accordance with 807 KAR 5:006, Section 8 (3) (h).
5. Meter Relocation Charge: Shall be assessed when a customer or other authorized person requests that a meter be relocated, changed, or modified. Those requesting said change shall reimburse the utility at actual costs, including but not limited to appropriate legal, administrative, engineering, overhead, or other related costs.
6. Meter Re-read Charge: Shall be assessed when a customer requests the utility to re-read the customer's meter and the re-read proves that the original meter reading was correct.
7. Meter Test Charge: Shall be assessed when a customer requests the utility perform a test on the customer's meter to check for accuracy, and the test shows the customer's meter is not more than two percent (2%) fast.
8. Reconnection Charge: Shall be assessed to reconnect service that has been terminated for non-payment of service or for violation of Utility or Public Service Commission rules and regulations. An after hours reconnection charge will be assessed if service is reconnected at the customers request after normal working hours.
9. Returned Check Charge: Shall be assessed when a customer's check is returned, either due to insufficient funds or other reason due to customer fault.

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Jackson County Water Association
(Name of Utility)

RULES AND REGULATIONS

10. Service Call/Investigation Charge: Shall be assessed when a customer requests the onsite presence of utility personnel to investigate a service problem and the problem is a result of the customer's own plumbing facilities, beyond the utility's delivery point, or not caused by failure of utility facilities. Any maintenance and repair of facilities beyond the utility's delivery point is the responsibility of the customer. An after hours charge will be assessed if the investigation is made after normal working hours at the customers request.

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Jackson County Water Association
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

RULES AND REGULATIONS

Q. In accordance with 807 KAR 5:006 Section 14, water service may be discontinued by the Utility for the violation of any rule, regulation, or condition of service, including, but not limited to the following prohibited acts:

1. Misrepresentation in the application or contract as to the property or fixtures to be supplied or additional use to be made of water.
2. Failure to report to the Utility additions to the property or fixtures to be supplied or additional use to be made of water.
3. Resale of water.
4. Waste or misuse of water due to improper or imperfect service pipes and/or failure to keep said pipes in suitable state of repair.
5. Tampering with meter, meter seal, service, or valves, or permitting such tampering by others.
6. Connections, cross-connections, or permitting the same, of any separate water supply to premises which receive water from the Utility.
7. Non-payment of bills.

R. Any customer desiring to discontinue water service to the premises for any reason must give notice of discontinuance in person or in writing at the business office of the utility at least three (3) business days prior to the date on which the customer desires to discontinue service. If such proper notice is given to the utility, the customer shall not be liable for any water consumed beyond the date of discontinuance stated in said notification. Failure to provide a proper notification will result in the customer or property owner being liable for all water used and service rendered by the utility until such proper notice is received by the utility.

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Jackson County Water Association
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

RULES AND REGULATIONS

- S. Upon written request of any customer, the meter serving said customer will be tested by the utility.
1. The utility may refuse to perform the test if said meter was tested within the prior twelve (12) months at the request of the customer.
 2. If the test results show that the meter is registering less than two percent (2%) fast, then the customer will be assessed the meter test charge approved and on-file with the Public Service Commission.
 3. If the test results show that the meter is registering more than two percent (2%) fast, then adjustments to the customer's account shall be made in accordance with the regulations of the Public Service Commission pursuant to 807 KAR 5:066 Section 9(c).
- T. When a meter has ceased to register, or a meter reading can not be obtained, the quantity of water to be billed will be based upon an average of twelve-months' consumption. If said meter readings are not available for an entire twelve-month period, the water bill will be estimated by the utility, subject to an upward or downward adjustment once a twelve-month average of actual meter readings can be calculated. If the period in which the meter error existed is unknown, then the bill will be recomputed for one half of the elapsed time since the last previous test but in no case to exceed twelve months. When a meter is tested and it is found necessary to make a refund or back bill a customer, the customer shall be given written notification of the date, location, and results of the test, as well as the amount to be deducted from or added to his regular bill.
- U. Any customer having boilers and/or pressure vessels that receive water from the utility must have a check valve on the water supply line and a vacuum valve on the steam line in order to prevent a collapse were the water supply from the utility be discontinued or interrupted.
- V. The service lines, meters, and fixtures located on a customer's premises shall at all reasonable hours be subject to inspection by the utility should the utility have reason to believe that unauthorized use of water is occurring.

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Jackson County Water Association
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

RULES AND REGULATIONS

- W. Piping on the premises of a customer must be so installed that connections are conveniently located with respect to the utility's lines and mains. The customer shall provide a place for metering which is unobstructed and accessible at all times.
- X. A prospective customer who requests service is required to sign the Association's standard water service contract before service is supplied. No service will be installed unless there is a main distribution line existing along the road from which service is requested. The Association will install a water service line of 50 feet. The applicant is responsible for all line in excess of 50 feet up to the meter.
- Y. The Association will have the right to do an open ditch inspection of the customer's service line. The purpose of the inspection is to make sure the customer has a service line consisting of PVC pipe with a rating of not less than 160 PSI, a shut down valve, a check valve, and a depth of at least 30 inches. The size of the service line beyond the point of delivery should not be less than 3/4 inches, however a larger size may be needed to provide adequate service. If the customer's point of use is at a higher elevation than the point of delivery, the customer should consult with a reputable engineering firm to size the service line from the point of delivery.
- Z. All customers shall grant or convey or shall cause to be granted or conveyed to the utility a perpetual easement and rights of way across any property owned or controlled by the customer wherever said easement or right of way is necessary for the utility's water facilities and lines so as to be able to furnish service to the customer. The Association's duly authorized representative and or employee of the State Health Department bearing proper credentials and identification shall be permitted to enter upon all properties for the purpose of inspection, observation, measurement, sampling and testing in accordance with these rules and regulations. The customer must agree to maintain the area around the meter in a manner that will make it easily accessible to the Association.
- AA. If any loss or damage to the property of the utility or any accident or other injury to persons or property is caused by or results from the negligence or wrongful action of a customer, members of his/her household, his/her agent or employee, the cost of necessary repairs or replacements

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE _____
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE _____

ADDRESS _____

FOR Jackson County, Kentucky
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

Jackson County Water Association
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

RULES AND REGULATIONS

shall be paid by the customer to the utility and any liability otherwise resulting shall be that of the customer.

BB. The utility shall in no event be held responsible for any claims made against it for reasons of system failure or interruption of service. No persons shall be entitled to damages nor for any portion of a payment refunded for any system failure or interruption of service which in the opinion of the utility is deemed necessary.

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE _____
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE _____

ADDRESS _____

FOR Jackson County, Kentucky
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

Jackson County Water Association
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

RULES AND REGULATIONS

- CC. For the purpose of off-setting fifty percent or more of its operation expenses, any fire department not receiving public funds from the Commonwealth of Kentucky, or any political subdivision thereof, may withdraw water from the utility's facilities at no charge, for the extinguishing of fires or the training of firemen. A fire department making such withdrawals shall provide an estimate of its withdrawals to the utility at the end of each month.
- DD. For the purposes of fire protection, including any customer's fire protection system, the utility cannot guarantee a water supply at any particular flow rate or pressure. The fire flow may vary depending upon other water demands on the system, various water facility limitations, or other circumstances. The customer will indemnify and hold harmless the utility and its employees from and against all claims, damages, losses, and expenses incurred as a result of insufficient water supply or deficient system facilities. Additionally, hydrants are to be used by the Association and the fire departments only. Fire departments may not use pumps to pull water from the hydrants and the use of hydrants is strictly limited to authorized periodic drill purposes and emergency fire fighting use.
- EE. In accordance with 807 KAR 5:066 Section 10 (2) (b), a new fire hydrant will not be installed by the utility unless:
1. A professional engineer with a Kentucky registration has certified that the system can provide a minimum fire flow of 250 gallons per minute, and
 2. The system supporting this flow has the capability of providing this flow for a period of not less than two (2) hours plus consumption at the maximum daily rate.

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE _____
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE _____

ADDRESS _____

FOR Jackson County, Kentucky
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

Jackson County Water Association
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

RULES AND REGULATIONS

Water Extension Policy: The Association will determine the total cost of the proposed water main extension (exclusive of the meter connection), and the total length of the extension. The Association will pay that portion of the cost of the water main extension equal to fifty feet for each applicant for service. That part of the cost not covered by the Association's portion shall be contributed equally by those applicants desiring service on the main extension. Each applicant will also be required to pay the Association's approved "tap on fee" for a meter connection to the main extension.

For a period of five years, after the original construction of the main extension, each additional customer directly connected to each particular extension, will be required to contribute to the cost of that main extension, based on a recalculation of both, the Association's portion of the total cost and each customer's contribution, as set out above. The Association will refund, to those customers that have previously contributed to the cost of each main extension itself, that amount necessary to reduce their contribution to the currently calculated amount for each customer connected to that extension. All customers, directly connected to each main extension for a five year period after it is placed in service, are to contribute equally to the cost of construction of the water main extension itself. In addition, each customer must pay the approved tap on fee applicable at the time of their application for the meter connection. The tap on fee is not part of the refundable cost of the extension, and may be changed during the refund period. After the five year refund period expires, any additional customer applying for service on each main extension, will be connected for the amount of the approved tap on fee only. Also after the five year refund period expires, the Association will be required to make refunds for an additional five years period in accordance with 807 KAR 5:066, Section 12(b).

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE _____
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE _____

ADDRESS _____

CONTRACT FOR WATER SERVICES

This contract made and entered into this ____ day of _____, 198__ between _____ whose address is _____ party of the FIRST PART, and the Jackson County Water Association, Inc., Tyner, Kentucky, party of the SECOND PART.

Witnesseth that for and in consideration of the efforts of the party of the SECOND PART, acting through the Jackson County Water Association, the party of the FIRST PART agrees to pay a connection fee of _____ at the time of signing this contract, to connect to the water system and to pay at least a minimum bill monthly thereafter as soon as the _____ meter is installed by the Jackson County Water Association and water is made available to the meter, regardless of whether the FIRST PARTY connects to the system.

The party of the FIRST PART, agrees to permit the Jackson County Water Association to lay, maintain, repair, remove and disconnect a service line and meter, and read meters at a point on customer's property to be designated by the Jackson County Water Association, for each signed connection with the right of ingress and egress on property.

The party of the FIRST PART agrees that no other present or future source of water will be connected to any water lines served by the Jackson County Water Association's water lines and will disconnect from his present water supply prior to connecting to and switching to the Jackson County Water Association's system and shall eliminate their present or future cross-connections in his system.

A separate water meter must be installed for each residence.

A separate contract will be required for each trailer park.

The party of the FIRST PART shall install and maintain at his own expense a service line which shall begin at the meter and extend to the dwelling or place of use.

The party of the FIRST PART agrees to allow the Jackson County Water Association to inspect the service line from the meter to the place of use for the purpose of making sure it complies with the Jackson County Water Association's Rules and Regulations.

The party of the FIRST PART agrees to maintain area around the meter in a manner that will make the meter easily accessible to the Jackson County Water Association

The party of the FIRST PART agrees to comply with and be bound by the Articles, By-Laws, Rules and Regulations of the Jackson County Water Association now in force or as hereafter duly and legally supplemented, amended or changed.

JACKSON COUNTY WATER ASSOCIATION
(A-Body-Corporate)

Part(y)ies of the FIRST PART

Duly Authorized Agent

(Seal)

PARTY OF THE SECOND PART

1986

Doyle W. ...

9 ...

FOR _____

P.S.C. KY No: _____ 1 _____

_____ 1 _____ Sheet No. _____ 1 _____

Cancelling P.S.C. KY No. _____

_____ 1 _____ Sheet No. _____ 1 _____

JACKSON COUNTY WATER ASSOCIATION
Name of Issuing Corporation

BILL FORMAT USED BY JACKSON
COUNTY WATER ASSOCIATION

RULES AND REGULATIONS

ACCOUNT NO:		ITEM	AMOUNT	CHRG	READING DATE	PREVIOUS READING	CURRENT READING	URACR	UC	MR	AMOUNT	
NET BILL DUE NOW								GROSS AMOUNT DUE AFTER DUE DATE	NET BILL DUE NOW			
GROSS BILL DUE AFTER				ENTER READING		RETURN STUB WITH PAYMENT						

FIRST CLASS MAIL
U.S. POSTAGE PAID
PERMIT NO.:

JACKSON COUNTY WATER ASSOCIATION
P.O. BOX 232
TYNER, KY 40486
Phone: (606) 287-7000

ENCLOSE THIS STUB WHEN PAYING BY MAIL FOR PROPER CREDIT

Payment due at the above address by the 10th of the month. If payment is not received in office by 20th of the month, service will be discontinued and a fee of \$15.00 will be added before service is resumed. Payment for reconnection must be made during office hours. Customers who live outside the local calling area may call our office collect with questions or problems concerning service.

OFFICE HOURS: 8:00 a.m. to 4:30 p.m.
MONDAY - FRIDAY

CODES: WT = WATER UC (USAGE CODES):
SWR = SEWER E = ESTIMATED
GS = GAS M = METER CHARGE
FP = FIRE PROTECTION
TP = TRASH PICK-UP
BC = BAD CHECK CHARGE
SC = SERVICE CHARGE
CF = CONNECTION FEE
CR = CREDIT BALANCE
AR = PAST DUE BALANCE
TX = TAXES
EA = ESTIMATION ADJUSTMENT
EF = ESTIMATION FEES
RA = RATE ADJUSTMENT

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NOT RESPONSIBLE FOR MAIL DELIVERY

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

DEC 04 1996

PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)
BY: *Barbara S. Mark*
FOR THE PUBLIC SERVICE COMMISSION

DATE OF ISSUE 11 1 96
Month Day Year

DATE EFFECTIVE 11 1 96
Month Day Year

ISSUED BY *[Signature]*
Name of Officer

President
Title

P.O. Box 232 Tyner, Ky. 40486
Address



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

January 24, 2000

John Powell
Manager
Jackson Co. Water Association
P.O. Box 232
Tyner, KY. 40486

Honorable John N. Hughes
Attorney for Jackson County Water
124 W. Todd St.
Frankfort, KY. 40601

Honorable David E. Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, KY. 40601 8204

RE: Case No. 1999-417

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/hv
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE PETITION OF JACKSON)
COUNTY WATER ASSOCIATION) CASE NO. 99-417
FOR AN ADJUSTMENT OF RATES)

O R D E R

This matter arising upon the motion of the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention ("Attorney General"), filed January 19, 2000, pursuant to KRS 367.150(8), for full intervention, such intervention being authorized by statute, and this Commission being otherwise sufficiently advised,

IT IS HEREBY ORDERED that the motion is granted, and the Attorney General is hereby made a party to these proceedings.

Done at Frankfort, Kentucky, this 24th day of January, 2000.

By the Commission

ATTEST:


Executive Director

Commonwealth of Kentucky
Before the Public Service Commission

RECEIVED
JAN 19 2000
PUBLIC SERVICE
COMMISSION

In the Matter of:)
THE PETITION OF JACKSON COUNTY WATER) Case No. 99-417
ASSOCIATION FOR ADJUSTMENT OF RATES)

MOTION TO INTERVENE

Comes now the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, pursuant to KRS 367.150(8), and moves to intervene in the above-styled proceeding. The Attorney General requests that he be permitted to intervene as a party to the fullest extent permitted by law in order to execute his statutory duties pursuant to KRS 367.150(8).

Respectfully submitted,

A. B. CHANDLER III
ATTORNEY GENERAL

David Edward Spenard
David Edward Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, KY 40601-8204
502.696.5457

Certificate of Service and Filing

Counsel certifies that an original and ten photocopies of this Motion to Intervene were served and filed by hand delivery to the Hon. Helen C. Helton, Executive Director, Public Service Commission 730 Schenkel Lane, Frankfort, Kentucky 40601; furthermore, it was served by mailing a true and correct copy of the same, first class postage prepaid, to, John Powell, Jackson County Water Association, P. O. Box 232 Tyner, Kentucky, 40486, and John N. Hughes, 124 West Todd Street, Frankfort, Kentucky 40601, all on this 19th day of January, 2000.

David Edw. Spauld
Assistant Attorney General



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

December 16, 1999

John Powell
Manager
Jackson Co. Water Association
P.O. Box 232
Tyner, KY. 40486

Honorable John N. Hughes
Attorney for Jackson County Water
124 W. Todd St.
Frankfort, KY. 40601

RE: Case No. 1999-417

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

Stephanie Bell

Stephanie Bell
Secretary of the Commission

SB/hv
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE PETITION OF JACKSON)
COUNTY WATER ASSOCIATION) CASE NO. 99-417
FOR ADJUSTMENT OF RATES)

O R D E R

On October 4, 1999, Jackson County Water Association ("Jackson County") filed an application for an adjustment of rates. The proposed rate adjustment was to have become effective November 15, 1999. Finding that the application did not comply with 807 KAR 5:001, Section 10, the Commission, on October 21, 1999, rejected it and directed the applicant to bring the application into compliance with 807 KAR 5:001, Section 10. On October 25, 1999, pursuant to 807 KAR 5:001, Section 10(2), Jackson County filed with the Commission its notice of intent to file an application for an adjustment of rates evidencing that a copy was sent to the Attorney General. The October 25, 1999 filing also cured other deficiencies noted and included a proposed tariff with an effective date of December 27, 1999.

In its application, Jackson County requested a waiver from 807 KAR 5:001, Section 6. 807 KAR 5:001, Section 6, requires that the financial exhibits included in the application cover operations for a twelve month period ending not more than ninety days prior to the date the application is filed.

Based on the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. Pursuant to 807 KAR 5:001, Section 14, it has the authority to grant the deviation requested for good cause shown.

2. Jackson County has shown good cause for the requested deviation and the information filed is sufficient to enable the Commission to adequately review Jackson County's filing. Therefore, the requested deviation from 807 KAR 5:001, Section 6, should be granted, and Jackson County's application considered filed at the expiration of the notice period required by 807 KAR 5:001, Section 10(2).

3. Pursuant to KRS 278.190, further proceedings are necessary in order to determine the reasonableness of the proposed rates and such proceedings cannot be completed prior to the proposed effective date of December 27, 1999. Therefore, Jackson County's proposed rates should be suspended for a period of five months.

IT IS THEREFORE ORDERED that:

1. Jackson County's request for a deviation from the requirements of 807 KAR 5:001, Section 6, is hereby granted, and Jackson County's application is considered to have been filed on November 25, 1999, at the expiration of the notice period required by 807 KAR 5:001, Section 10(2).

2. Jackson County's proposed rates are suspended for five months from December 27, 1999 up to and including May 26, 2000.

3. Nothing contained herein shall prevent the Commission from entering a final decision in this case prior to the termination of the suspension period.

Done at Frankfort, Kentucky, this 16th day of December, 1999.

By the Commission

ATTEST:


Executive Director

JOHN N. HUGHES
Attorney at Law
Professional Service Corporation
124 WEST TODD STREET
FRANKFORT, KENTUCKY 40601

Telephone:
(502) 227-7270

Telecopier:
(502) 875-7059

October 25, 1999

Helen Helton
Executive Director
Public Service Commission
730 Schenkel Lane
Frankfort, Ky. 40601

RECEIVED
OCT 25 1999
PUBLIC SERVICE
COMMISSION

Re: Case No. 99-417

Dear Ms. Helton:

Pursuant to the your letter of October 21, 1999, the following information is being provided:

1. letter of intent to file application;
2. certificate of good standing;
3. revised tariffs

A copy of this letter has been mailed to the Attorney General's Utility and Rate Intervention Unit.

Very truly yours,


John N. Hughes
Attorney for Jackson County
Water Association

attachments

JOHN N. HUGHES
Attorney at Law
Professional Service Corporation
124 WEST TODD STREET
FRANKFORT, KENTUCKY 40601

Telephone:
(502) 227-7270

Telecopier:
(502) 875-7059

October 25, 1999

Helen Helton
Executive Director
Public Service Commission
730 Schenkel Lane
Frankfort, Ky. 40601

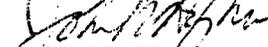
Re: Case No. 99-417

Dear Ms. Helton:

Jackson County Water Association gives notice pursuant to 807 KAR 5:001 (10)(2) that it intends to file an application for adjustment of rates. The application will be based on the 1998 historical test year.

A copy of this letter has been mailed to the Attorney General's Utility and Rate Intervention Unit.

Very truly yours,



John N. Hughes
Attorney for Jackson County
Water Association



John Y. Brown III
Secretary of State

Certificate of Existence

I, JOHN Y. BROWN III, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records in the Office of the Secretary of State,

JACKSON COUNTY WATER ASSOCIATION

is a nonprofit corporation duly organized and existing under KRS Chapter 273, whose date of incorporation is October 23, 1970 and whose period of duration is perpetual.

I further certify that all fees and penalties owed to the Secretary of State have been paid; that articles of dissolution have not been filed; and that the most recent annual report required by KRS 273.3671 has been delivered to the Secretary of State.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 25th day of October, 1999.



John Y. Brown, III

JOHN Y. BROWN III
Secretary of State
Commonwealth of Kentucky

pmclean/0025632

FOR Entire Service Area

P.S.C. KY. NO. 3

ORIGINAL SHEET NO. 8

Jackson County Water Association

CANCELLING P.S.C. KY. NO. _____

Fourth Revised SHEET NO. 1

RULES AND REGULATIONS

Proposed Tariff

PROPOSED FEES

Non-Recurring fees:	Current	Proposed
Meter reading recheck	\$ 5.00	\$36.00
Service Investigation fee	20.00	36.00
Return Check Charge - notice only	5.00	11.00
Reconnect Charge regular hours	15.00	36.00

Proposed fees:

Tap on charge:		\$400.74
Service Charge regular hours		36.00
Service Charge after hours		50.00
Reconnect Charge after hours		50.00
Request meter test charge		50.00
Delinquent account disconnect charge		36.00
Return check Notice & Disconnect		46.00

DATE OF ISSUE 10/04/99 DATE EFFECTIVE 12/27/99
 MONTH DAY YEAR MONTH DAY YEAR

ISSUED BY John Powell Manager
 NAME OF OFFICER TITLE

FOR Entire Service Area

P.S.C. KY. NO. 3

ORIGINAL SHEET NO. 1

Jackson County Water Association

CANCELLING P.S.C. KY. NO. _____

Fourth Revised SHEET NO. 1

RULES AND REGULATIONS

Proposed Tariff

RATES:

PROPOSED RATES

5/8" meter	
minimum bill (first 1000 gals.)	\$11.82
over 1000 gals.	\$ 3.69
1" meter	
minimum bill (first 5000 gals.)	\$26.58
over 5000 gals.	\$ 3.69
1 1/2" meter (first 10,000 gals)	\$45.03
over 10,000 gals	\$ 3.69
2" meter (first 20,000 gals)	\$81.93
over 20,000 gals	\$ 3.69
3" meter (first 30,000 gals)	\$118.83
over 30,000 gals	\$ 3.69
4" meter (first 40,000 gals)	\$155.73
over 40,000 gals	\$ 3.69

Wholesale rates per 1000 gallons:

Mckee	\$1.10	\$1.50
Beattyville	\$1.28	\$1.66
North Rockcastle W.D.	\$1.48	\$1.79

DATE OF ISSUE 10/04/99 DATE EFFECTIVE 12/27/99
MONTH DAY YEAR MONTH DAY YEAR

ISSUED BY John Powell Manager
NAME OF OFFICER TITLE



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KENTUCKY 40602
www.psc.state.ky.us
(502) 564-3940
Fax (502) 564-3460

Ronald B. McCloud, Secretary
Public Protection and
Regulation Cabinet

Helen Helton
Executive Director
Public Service Commission

Paul E. Patton
Governor

October 21, 1999

Mr. John Powell, Manager
Jackson County Water Association
P. O. Box 232
Tyner, Kentucky 40486

Honorable John N. Hughes
Attorney at Law
124 West Todd Street
Frankfort, Kentucky 40601

Re: Case No. 99-417
Filing Deficiencies

Gentlemen:

The Commission staff has reviewed your application in the above case. This filing is rejected pursuant to 807 KAR 5:001, Section 2, for the reasons set forth below. These items are either required to be filed with the application or to be referenced in the application if they are already on file in another case or will be filed at a later date.

1. Filing deficiency pursuant to 807 KAR 5:001, Section 10(1)(b)(5):

Certificate of good standing

2. Filing deficiency pursuant to 807 KAR 5:001, Section 10(2):

If gross annual revenues exceed \$1,000,000, written notice of intent filed at least 4 weeks prior to application. Notice shall state whether application will be supported by historical or fully forecasted test period. This notice shall be served upon the Attorney General.

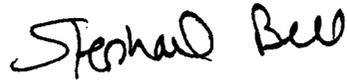
Since your filing has been rejected, your proposed tariff is being returned with this notice. When you file the required information, you may refile your proposed tariff providing for an effective date no sooner than 30 days from the date of re-filing (KRS 278.180).



Mr. John Powell
Honorable John N. Hughes
October 21, 1999

The statutory time period in which the Commission must process this case will not commence until the above-mentioned information is filed with the Commission. You are requested to file six copies of this information (unless otherwise noted) within 15 days of this letter. If you need further information, please contact Anita Mitchell of my staff at 502-564-3940, extension 258.

Sincerely,



Stephanie Bell
Secretary of the Commission

hv
Enclosure



AN EQUAL OPPORTUNITY EMPLOYER M/F/D



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

October 15, 1999

John Powell
Manager
Jackson Co. Water Association
P.O. Box 232
Tyner, KY. 40486

Honorable John N. Hughes
124 W. Todd St.
Frankfort, KY. 40601

RE: Case No. 99-417
JACKSON COUNTY WATER ASSOCIATION, INC.
(Rates - General)

This letter is to acknowledge receipt of initial application in the above case. The application was date-stamped received October 4, 1999 and has been assigned Case No. 99-417. In all future correspondence or filings in connection with this case, please reference the above case number.

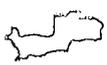
If you need further assistance, please contact my staff at 502/564-3940.

Sincerely,

Stephanie Bell

Stephanie Bell
Secretary of the Commission

SB/lh



COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

OCT 4 1999

PUBLIC SERVICE
COMMISSION

IN THE MATTER OF:

THE PETITION OF
JACKSON COUNTY WATER ASSOCIATION
FOR ADJUSTMENT OF RATES

)
) Case No. 99-417
)

PETITION FOR APPROVAL RATES

Jackson County Water Association, by counsel, petitions for an order granting approval of rates and fees.

1. Jackson County is a Kentucky non-profit corporation doing business in Kentucky operating a water distribution system in Jackson and Rockcastle counties. Its Manager is John Powell, whose mailing address is Box 232, Tyner, Ky. 40486;

2. It seeks approval of the proposed rates for service rendered on and after November 15, 1999;

3. The following information is provided as required by 807 KAR 5:001(10):

1(a) Historical test period:

1. The additional rates are needed to meet to debt service costs, operations and maintenance costs and general expenses.

2. The annual reports have been filed. A copy of the 1998 report is attached as Exhibit 1;

3. The articles of incorporation were filed in Case No. 93-120.

4-6 The association is not a partnership and has no assumed name;

7. The proposed tariff is attached as Exhibit 2;

8. The comparative tariff changes are attached as Exhibit 3;

9. Customer notice has been provided by newspaper publication. A copy is



attached as Exhibit 4;

13. Section 5:001(10)(6):

- a. Proposed rates with supporting schedules are attached as Exhibit 5;
- b. No testimony is being prefiled;
- c. No testimony is being prefiled;
- d. The revenue effect of the rates is shown in Exhibit 5;
- e. The effect of the proposed rates on customers is shown in Exhibit 5;
- f. The association is not a local exchange carrier
- g. A billing analysis is contained in Exhibit 5;
- h. A summary of the revenue requirement is shown in Exhibit 5;
- i. Calculation of revenue requirements is in Exhibit 5;
- j.& k These are not prepared by the association
- l-m. There is no FERC or FCC report because the association is regulated by
neither;
- n. A depreciation schedule is attached as Exhibit 6;
- o. Software used is Excel;
- p-v. There is no prospectus or shareholder report; monthly manager reports are not
maintained and there is no SEC reporting requirement for the association;

(7)(a) A balance sheet and income statement are included in Exhibit 1;

(7)(b) One is not maintained;

(7)(c) Pro Forma adjustments are shown on Exhibit 5;

(7)(d-e) A monthly operating budget is not prepared and no construction is being
proposed.

14. 807 KAR 5:001(6):

- (1) No stock is issued
- (2) N/A
- (3) N/A
- (4) Mortgages are listed in Exhibit 1;
- (5) Bonds are listed in Exhibit 1;
- (6) Notes are listed in Exhibit 1;
- (7) Other indebtedness is listed in Exhibit 1;
- (8) No dividends have been paid;
- (9) Balance sheet and income statement are in Exhibit 1;

15. Adjustment of the following non-recurring fees is also requested. Work sheets showing the calculation of the proposed rates are attached as exhibit 7:

- a. Reconnect Charge - regular hours;
- b. Meter Reading - recheck;
- c. Service Investigation Charge;
- d. Return Check Charge (Notice only);

16. Fees for the following services are being proposed. Work sheets are attached as exhibit 8:

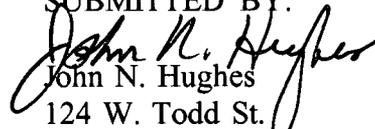
- a. Tap on Charge;
- b. Service Charge - regular hours;
- c. Service Charge - after hours;
- d. Reconnect Charge - after hours;
- e. Request meter test charge;

f. Delinquent account disconnect charge;

Jackson County requests a deviation under 807 KAR 5:001(14) from any requirement that may unduly delay the processing of this application, including a deviation from 807 KAR 5:001 sec. 6 to allow the use of December 31, 1998 financial data. Because of the expense to reconfigure the financial statements on a current basis, Jackson County believes that the benefit of current financial data is outweighed by the expense of providing it.

For these reasons, Jackson County requests that its application for the adjustment of rates be approved.

SUBMITTED BY:


John N. Hughes
124 W. Todd St.
Frankfort, Ky. 40601
(502) 227-7270

ATTORNEY FOR JACKSON
COUNTY WATER ASSOCIATION

EXHIBIT 1

CLASS "A & B"
WATER DISTRICTS & ASSOCIATIONS

ANNUAL REPORT

OF

JACKSON COUNTY WATER ASSOCIATION, INC.
Exact Legal Name of Respondent

For the
YEAR ENDED DECEMBER 31, 19 98

NOTICE

1. Prepare this report in conformity with the 1984 National Association of Utility Regulatory Commissioners Uniform System of Accounts for Water Utilities as adopted by this Commission for Class A & B water districts and associations.
2. Interpret all accounting words and phrases in accordance with the USOA.
3. Complete each question fully and accurately, even if it has been answered in a previous annual report. Enter the word "None" where it truly and completely states the fact.
4. For any question, section, or page which is not applicable to the respondent enter the words "Not Applicable" or "NA". Do not omit any pages.
5. Where dates are called for, the month and day should be stated as well as the year.
6. Complete this report by means which result in a permanent record, such as by typewriter. Money items (except averages) throughout the report should be shown in units of dollars adjusted to accord with footings.
7. If there is not enough room on any schedule, an additional page or pages may be added provided the format of the added schedule matches the format of the schedule with not enough room. Such a schedule should reference the appropriate schedules, state the name of the utility, and state the year of the report.
8. The report should be filled out in duplicate and one copy returned by March 31, of the year following the date of the report. The report should be returned to:

Public Service Commission
760 Schenkel Lane
P. O. Box 615
Frankfort, Kentucky 40602

**CHECKLIST FOR THE ANNUAL REPORT
FOR A AND B WATER DISTRICTS AND WATER ASSOCIATIONS
TO BE COMPLETED AND RETURNED WITH THE ANNUAL REPORT**

Page No.	Account No.	Page No.	If No, Explain Why	Yes	No
4-6	The identification pages have been completed.			X	
7	101-106 agrees with	13	Total 101-106	X	
7	108-110 agrees with	14	Total 301-348 Cols c & h	X	
7	114-115 agrees with	15	Net Balance 114-115		N/A
7	123 agrees with	16	Total 123		N/A
7	124 agrees with	16	Total 124		N/A
7	125 agrees with	16	Total 125		N/A
7	126-127 agrees with	16	Total 126-127	X	
7	141-144 agrees with	17	Net Balance 141-144	X	
7	151-153 agrees with	18	Total 151-153	X	
7	162 agrees with	18	Total 162	X	
8	181 agrees with	19	Total 181		N/A
8	182 agrees with	20	Total 182		N/A
8	186 agrees with	19	Total 186		N/A
9	214-215 agrees with	23	Total 214-215	X	
9	221 agrees with	22	Total Line 10 Col 4		N/A
9	221 agrees with	22	Total Col 12		N/A
9	224 agrees with	21	Total Col d	X	
9	232 agrees with	24	Total 232		N/A

**CHECKLIST FOR THE ANNUAL REPORT
FOR A AND B WATER DISTRICTS AND WATER ASSOCIATIONS
TO BE COMPLETED AND RETURNED WITH THE ANNUAL REPORT**

<u>Page No.</u> <u>Account No.</u>	<u>Page No.</u>	<u>If No, Explain Why</u>
28 The analysis of water utility plant accounts Cols c through k has been completed.	X	
29 Taxes collected (example: school tax, sales tax, franchise tax) have been excluded from Operating Revenue.	X	
29 The analysis of water operating revenue Cols c, d, and e has been completed.	X	
30 The analysis of water utility expense accounts Cols c through k has been completed.	X	
31 Schedule of Pumping and Purchased Water Statistics has been completed.	X	
32 466 Total Gal agrees with 33 Sales for Resale (466)	X	
32 Line 13 agrees with 32 Line 4 Total Produced and Purchased	X	
Oath page has been completed.	X	

PUBLIC SERVICE COMMISSION OF KENTUCKY
PRINCIPAL PAYMENT AND INTEREST INFORMATION
FOR THE YEAR ENDING DECEMBER 31, 1998

1. Amount of Principal Payment during calendar year \$ 122,388
2. Is Principal current? (Yes) X (No) _____
3. Is Interest current? (Yes) X (No) _____
4. Has all long-term debt been approved by the Public Service Commission?
(Yes) X (No) _____ PSC Case No. 93-120

SERVICES PERFORMED BY
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

Are the financial statements examined by a Certified Public Accountant? (Yes) X (No) _____

If yes, which service is performed?

Audit X

Compilation _____

Review _____

Please enclose a copy of the accountant's report with annual report.

Additional Information Required by Commission Orders

Provide any special information required by prior Commission orders, as well as any narrative explanations necessary to fully explain the data. Examples of the types of special information that may be required by Commission orders include surcharge amounts collected, refunds issued, and unusual debt repayments.

Case #	Date of Order	Item/Explanation

Attach additional sheets if more room is needed

MAJOR WATER PROJECTS

Instructions: Provide details about each major water project which is planned but has not yet been submitted for approval to the Public Service Commission. For the limited purpose of this report, a "Major Project" is defined as one which is not in the ordinary course of business, and which will increase your current utility plant by at least 20%.

Brief Project Description (improvement, replacement, building construction, expansion. If expansion, provide the estimated number of new customers):

Projected Costs and Funding Sources/Amounts:

Approval Status: (Application for financial assistance filed, but not approved; or application approved, but have not advertised for construction bids)

Location: (community, area or nearby roads)

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Comparative Balance Sheet - Assets and Other Debits	7-8	Water Operating Revenue	30
Comparative Balance Sheet - Equity Capital and Liabilities	9-10	Water Utility Expense Accounts	31
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Net Utility Plant	13	Pumping & Purchased Water	
Accumulated Depreciation	13	Statistics	32
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Accounts and Notes Receivable - Net	17		
Materials and Supplies	18		
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Miscellaneous Deferred Debits	18		
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Additions to CIAC Received from All Developers or Contractors Agreements	28		

HISTORY

1. Exact name of utility making this report. (Use the words "The", "Company" or "Incorporated" only when a part of the corporate name.)

Jackson County Water Association, Incorporated

P.O. Box 232 Tyner, Kentucky 40486

2. Give the location including city, street and number, of the executive office.

One mile north of Tyner, Kentucky on US Hwy 421

3. Give the location, including street and number, and TELEPHONE NUMBER of the principal office in Kentucky.

One mile north of Tyner, Kentucky on US Hwy 421

(606) 287-7000

4. Name and address of principal officer within Kentucky.

Eddie Joe Madden

P. O. Box 65 Gray Hawk, Kentucky 40434

5. Give name, title, address and TELEPHONE NUMBER of the officer to whom correspondence concerning this report should be addressed.

Eddie Joe Madden

P. O. Box 65 Gray Hawk, KY 40434 (606)287-7413

6. Date of organization. October 23, 1970

7. Under the laws of what Government, State or Territory organized? (If more than one, name all. Give reference to each statute and amendments thereof.)

Commonwealth of Kentucky-Nonprofit corporation formed

under the provision of Chapter 273 of KRS

8. If a consolidated or merger company, name all contingent and all merged companies. Give reference to charters or general laws governing each, and all amendments of same. N/A
9. Date and authority for each consolidation and each merger. N/A
10. State whether respondent is a corporation, a joint stock association, a firm or partnership, or an individual. Corporation
11. If a reorganized company, give name of original corporation, refer to laws under which it was organized and the occasion for the reorganization. N/A
12. Name all other operating departments. N/A
13. Name of counties in which you furnish water service. Jackson and
Rockcastle

COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
	UTILITY PLANT			
101-106	Utility Plant.....	13	\$ 10,209,987	\$ 10,558,014
108-110	Less: Accumulated Depreciation and Amortization.....	13-15	2,172,645	2,428,660
	Net Plant.....		\$ 8,037,342	\$ 8,129,354
114-115	Utility Plant Acquisition Adjustments (Net).....	15		
116	Other Utility Plant Adjustments.....			
	Total Net Utility Plant.....		\$ 8,037,342	\$ 8,129,354
	OTHER PROPERTY AND INVESTMENTS			
121	Nonutility Property.....		\$	\$
122	Less: Accumulated Depreciation and Amortization.....			
	Net Nonutility Property.....		\$	\$
123	Investment in Associated Companies..	16		
124	Utility Investments.....	16		
125	Other Investments.....	16		
126-127	Special Funds.....	16	504,442	512,142
	Total Other Property & Investments..		\$ 504,442	\$ 512,142
	CURRENT AND ACCRUED ASSETS			
131	Cash.....		\$ 31,018	\$ 14,271
132	Special Deposits.....		49,136	40,546
133	Other Special Deposits.....			
134	Working Funds.....			
135	Temporary Cash Investments.....		395,772	483,118
141-144	Accounts and Notes Receivable, Less Accumulated Provision for Uncollectible Accounts.....	17	330,421	102,528
145	Accounts Receivable from Associated Companies.....			
146	Notes Receivable from Associated Companies.....			
151-153	Materials and Supplies.....	18	85,068	72,743
161	Stores Expense.....			
162	Prepayments.....	18	10,074	10,092
171	Accrued Interest and Dividends Receivable.....		6,292	9,287
172	Rents Receivable.....			
173	Accrued Utility Revenues.....			
174	Misc. Current and Accrued Assets....		175	175
	Total Current and Accrued Assets....		\$ 907,956	\$ 732,760

- COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS (CONT'D)

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
	DEFERRED DEBITS			
181	Unamortized Debt Discount & Expense.	19	\$	\$
182	Extraordinary Property Losses.....	19		
183	Preliminary Survey & Investigation Charges.....			
184	Clearing Accounts.....			
185	Temporary Facilities.....			
186	Misc. Deferred Debits.....	18		
187	Research & Development Expenditures.			
	Total Deferred Debits.....		\$	\$
	TOTAL ASSETS AND OTHER DEBITS.....		\$ 9,449,740	\$ 9,374,256

NOTES TO THE BALANCE SHEET

The space below is provided for important notes regarding the balance sheet

COMPARATIVE BALANCE SHEET - EQUITY CAPITAL AND LIABILITIES

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
EQUITY CAPITAL				
214-215	Retained Earnings.....	23	\$ (430,714)	\$ (459,435)
	Total Equity Capital.....		\$ (430,714)	\$ (459,435)
LONG-TERM DEBT				
221	Bonds.....	22	\$	\$
222	Reacquired Bonds.....			
223	Advances from Associated Companies..			
224	Other Long-Term Debt.....	21	4,584,739	4,462,350
	Total Long-Term Debt.....		\$ 4,584,739	\$ 4,462,350
CURRENT AND ACCRUED LIABILITIES				
231	Accounts Payable.....		\$ 25,749	\$ 13,314
232	Notes Payable.....	24		
233	Accounts Payable to Associated Co...	24		
234	Notes Payable to Associated Co.....	24		
235	Customer Deposits.....		26,760	24,153
236	Accrued Taxes.....	25	63	
237	Accrued Interest.....	25	20,462	14,419
239	Matured Long-Term Debt.....			
240	Matured Interest.....			
241	Tax Collections Payable.....		8,564	1,978
242	Misc. Current & Accrued Liabilities.	26	2,067	2,587
	Total Current and Accrued Liabilities.....		\$ 83,666	\$ 56,451
DEFERRED CREDITS				
251	Unamortized Premium on Debt.....	19	\$	\$
252	Advances for Construction.....	20	69,320	61,610
253	Other Deferred Credits.....			
	Total Deferred Credits.....		\$ 69,320	\$ 61,610
OTHER NON-CURRENT LIABILITIES				
Accumulated Provision For:				
261	Property Insurance		\$	\$
262	Injuries and Damages			
263	Pensions and Benefits			
265	Miscellaneous Operating Reserves ...			
266	Rate Refunds			
	Total Other Non-Current Liabilities.		\$	\$

COMPARATIVE BALANCE SHEET - EQUITY CAPITAL AND LIABILITIES (CONT'D)

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
	CONTRIBUTIONS IN AID OF CONSTRUCTION			
271	Contributions In Aid of Construction	27-28	\$ 659,175	\$ 769,725
	Tap-on Fees - Customers		180,830	180,830
	Federal Grants in Aid of Const. ...		4,302,725	4,302,725
	Other			
	Total C.I.A.C		\$ 5,142,730	\$ 5,253,280
	TOTAL EQUITY CAPITAL AND LIABILITIES		\$ 9,449,740	\$ 9,374,256

COMPARATIVE OPERATING STATEMENT

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
	UTILITY OPERATING INCOME			
400	Operating Revenues.....	30	\$ 985,312	\$ 1,041,739
401	Operating Expenses.....	31	\$ 633,028	\$ 660,502
403	Depreciation Expenses.....		219,507	256,015
406	Amortization of Utility Plant Acquisition Adjustment.....			
407	Amortization Expense.....			
408.1	Taxes Other Than Income.....		23,994	25,168
	Utility Operating Expenses.....		\$ 876,529	\$ 941,685
	Utility Operating Income.....		\$ 108,783	\$ 100,054
413	Income From Utility Plant Leased to Others.....			
414	Gains (Losses) From Disposition of Utility Property.....		5,675	
	Total Utility Operating Income.....		\$ 114,458	\$ 100,054
	OTHER INCOME AND DEDUCTIONS			
415	Revenues From Merchandising, Jobbing and Contract Deductions.....		\$	\$
416	Costs and Expenses of Merchandising, Jobbing and Contract Work.....			
419	Interest & Dividend Income.....		37,685	46,757
420	Allowance for Funds Used During Construction.....			
421	Nonutility Income.....		4,475	9,008
426	Miscellaneous Nonutility Expenses...			
	Total Other Income and Deductions...		\$ 42,160	\$ 55,765
	TAXES APPLICABLE TO OTHER INCOME			
408.20	Taxes Other Than Income.....		\$	\$
	Total Taxes Applic. to Other Income.		\$	\$

COMPARATIVE OPERATING STATEMENT (CONT'D)

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
	INTEREST EXPENSE			
427	Interest Expense.....		\$ 189,859	\$ 184,540
428	Amortization of Debt Discount & Exp.			
429	Amortization of Premium on Debt.....			
	Total Interest Expense.....		\$ 189,859	\$ 184,540
	EXTRAORDINARY ITEMS			
433	Extraordinary Income.....		\$	\$
434	Extraordinary Deductions.....			
	Total Extraordinary Items.....		\$	\$
	NET INCOME.....		\$ (33,241)	\$ (28,721)

NET UTILITY PLANT (ACCTS. 101 - 106)

ACCT. NO.	PLANT ACCOUNTS	TOTAL
101	Utility Plant in Service	\$ 10,558,014
102	Utility Plant Leased to Others.....	
103	Property Held for Future Use.....	
104	Utility Plant Purchased of Sold.....	
105	Construction Work in Progress.....	
106	Completed Construction Not Classified.....	
	Total Utility Plant.....	\$ 10,558,014

ACCUMULATED DEPRECIATION (ACCT. 108)

DESCRIPTION	TOTAL
Balance first of year.....	\$ 2,172,645
Credit during year:	
Accruals Charged to Account 108.1.....	256,015
Accruals Charged to Account 108.2.....	
Accruals Charged to Account 108.3.....	
Accruals Charged to Other Accounts (specify)	

Salvage.....	
Other Credits (specify)	

Total Credits.....	\$ 256,015
Debits during year:	
Book Cost of Plant Retired.....	\$
Cost of Removal.....	
Other Debits (specify)	

Total Debits.....	\$
Balance end of year.....	\$ 2,428,660

ANALYSIS OF ACCUMULATED DEPRECIATION AND AMORTIZATION BY PRIMARY ACCOUNT

ACCT. NO. (a)	ACCOUNT (b)	BALANCE BEGINNING OF YEAR (c)	CREDITS DURING THE YEAR CHARGES TO DEP. EXP. (d)	OTHER CREDITS (e)	CHARGES DURING THE YEAR PLANT RETIREMENTS (f)	OTHER CHARGES (g)	BALANCE END OF YEAR (h)
		\$	\$	\$	\$	\$	\$
301	Organization.....						
302	Franchises.....						
303	Limited Term Interest in Land and Land Rights.....						
304	Structures & Improvements..	671,598	48,134				719,732
305	Collecting and Impounding Reservoirs.....	57,747	2,378				60,125
306	Lake River & Other Intakes.						
307	Wells and Springs.....						
309	Supply Mains.....						
310	Power Generating Equipment.						
311	Pumping Equipment.....	33,986	2,846				36,832
320	Water Treatment Equipment..	13,584	1,346				14,930
330	Distribution Reservoirs and Standpipes.....	133,316	21,809				155,125
331	Transmission & Distribution Mains.....	946,570	138,063				1,084,633
333	Services.....	581	24				605
334	Meters and Meter Installations.....	157,219	13,698				170,917
335	Hydrants.....	1,047	43				1,090
339	Other Plant & Miscellaneous Equipment.....						
340	Office Furniture and Equip.	19,577	3,654				23,231
341	Transportation Equipment...	46,250	15,563				61,813
343	Tools, Shop & Garage Equip.						
345	Power Operated Equipment...	62,184	5,530				67,714
348	Other Tangible Plant.....	28,986	2,927				31,913
	TOTALS	\$ 2,172,645	\$ 256,015	\$	\$	\$	\$ 2,428,660

ACCUMULATED AMORTIZATION (ACCT. 110)

DESCRIPTION	TOTAL
Balance first of year.....	\$
Credit during year:	
Accruals Charged to Account 110.1.....	
Accruals Charged to Account 110.2.....	
Other Credits (specify)	
.....	
.....	
Total Credits.....	\$
Debits during year:	
Book Cost of Plant Retired.....	\$
Other Debits (specify)	
.....	
.....	
Total Debits.....	\$
Balance end of year.....	\$ N/A

UTILITY PLANT ACQUISITION ADJUSTMENTS (ACCTS. 114 - 115)

Report each acquisition adjustment and related accumulated amortization separately. For any acquisition adjustment approved by the Commission, include the Order Number.

ACCOUNT NAME	TOTAL
Acquisition Adjustments (114)	
.....	\$
.....	
.....	
.....	
Total Plant Acquisition Adjustments.....	\$
Accumulated Amortization (115)	
.....	\$
.....	
.....	
.....	
Total Accumulated Amortization.....	\$
Net Acquisition Adjustments.....	\$ N/A

INVESTMENTS AND SPECIAL FUNDS (ACCTS. 123 - 127)

Report hereunder all investments and special funds carried in Accounts 123 thru 127.

DESCRIPTION OF SECURITY OR SPECIAL FUND (a)	FACE OR PAR VALUE (b)	YEAR END BOOK COST (c)
INVESTMENT IN ASSOCIATED COMPANIES (ACCT. 123):		
.....	\$ -	\$
.....		
.....		
.....		
Total Investment in Associated Companies.....		\$ N/A
UTILITY INVESTMENTS (ACCT. 124):		
.....	\$	\$
.....		
.....		
.....		
Total Utility Investments.....		\$ N/A
OTHER INVESTMENTS (ACCT. 125):		
.....		
.....		
.....		
.....		
Total Other Investments.....		\$ N/A
SPECIAL FUNDS (ACCTS. 126 & 127):		
Cash-Debt service.....	3,558	3,558
Cash-Reserve account.....	5,879	5,879
CD-Reserve account.....	151,671	151,671
Cash-General revenue.....	216,713	216,713
Other.....	134,321	134,321
Total Special Funds.....		\$ 512,142

ACCOUNTS AND NOTES RECEIVABLE - NET (ACCOUNTS 141 - 144)

Report hereunder all accounts and notes receivable included in Accounts 141, 142 and 144. Amounts included in Accounts 142 and 144 should be listed individually.

DESCRIPTION	TOTAL
ACCOUNTS & NOTES RECEIVABLE:	\$ 100,268
Customer Accounts Receivable (Acct. 141).....	\$ 100,268
Other Accounts Receivable (Acct. 142)	
Returned checks receivable	\$ 89
Grants receivable	3,900
	3,989
Notes Receivable (Acct. 144)	
Total Accounts and Notes Receivable.....	\$ 104,257
Accumulated Provision for Uncollectible Accounts (Acct. 143):	
Balance first of year.....	\$ 1,962
Add: Provision for uncollectibles for	
current year.....	\$ 12,480
Collections of accounts previously	
written off.....	141
Utility accounts.....	
Others.....	
Total Additions.....	\$ 12,621
Deduct accounts written off during year:	
Utility Accounts.....	\$ 12,719
Other.....	135
Total accounts written off.....	\$ 12,854
Balance end of year.....	\$ 1,729
Total Accounts and Notes Receivable - Net.....	\$ 102,528

MATERIALS AND SUPPLIES (151 - 153)

ACCOUNT NAME	TOTAL
Plant Materials and Supplies (Account 151).....	\$ 72,743
Merchandise (Account 152).....	
Other Materials and Supplies (Account 153).....	
Total Materials and Supplies.....	\$ 72,743

PREPAYMENTS (ACCT. 162)

DESCRIPTION	TOTAL
Prepaid Insurance.....	\$ 10,092
Prepaid Rents.....	
Prepaid Interest.....	
Prepaid Taxes.....	
Other Prepayments (Specify)	

Total Prepayments.....	10,092

MISCELLANEOUS DEFERRED DEBITS (ACCT. 186)

DESCRIPTION	TOTAL
Miscellaneous Deferred Debits (Acct. 186):	
Deferred Rate Case Expense (Acct. 186.1).....	\$
Other Deferred Debits (Acct. 186.2).....	
Total Miscellaneous Deferred Debits.....	\$ N/A

UNAMORTIZED DEBT DISCOUNT AND EXPENSE AND PREMIUM ON DEBT (ACCTS. 181 & 251)

Report the net discount and expense or premium separately for each security issue.

DESCRIPTION	AMOUNT WRITTEN OFF DURING YEAR	YEAR END BALANCE
Unamortized Debt Discount and Expense (Acct. 181):		
.....	\$	\$
.....		
.....		
.....		
Total Unamortized Debt Discount and Expense.....	\$	\$ N/A
Unamortized Premium on Debt (Acct. 251):		
.....	\$	\$
.....		
.....		
.....		
Total Unamortized Premium on Debt.....	\$	\$ N/A

EXTRAORDINARY PROPERTY LOSSES (ACCT. 182)

Report each item separately.

DESCRIPTION	TOTAL
Extraordinary Property Losses (Acct. 182):	
..... .. \$	
..... ..	
..... ..	
..... ..	
Total Extraordinary Property Losses..... ..	\$ N/A

ADVANCES FOR CONSTRUCTION (ACCT. 252)

DESCRIPTION	TOTAL
Balance first of year..... ..	69,320
Add credits during year..... ..	
Deduct charges during year..... ..	7,710
Balance end of year..... ..	66,610

ACCOUNT 221, BONDS

Line No.	Par Value of Actual Issue (1)	Cash Realized on Actual Issue (2)	Par Value of Amount Paid by or for Respondent (3)	Actually Outstanding At Close of Year (4)	Interest During Year	
					Accrued (5)	Actually Paid (6)
1						
2						
3		N/A				
4						
5						
6						
7						
8						
9						
10						
Total						

SCHEDULE OF BOND MATURITIES

(The total of column 12 must agree with the total of column 4)

Line No.	Bond Numbers (7)	Maturity Date (8)	Interest Rate (9)	Principal Amount (10)	Amounts Paid (11)	Remaining Bonds Outstanding (12)
1						
2						
3		N/A				
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
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21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
TOTAL						

STATEMENT OF RETAINED EARNINGS

ACCT. NO. (a)	(b)	AMOUNTS (c)
215	Unappropriated Retained Earnings:	
	Balance beginning of year.....	\$ (430,714)
	Changes to account:	
439	Adjustments to Retained Earnings (requires Commission approval prior to use):	
	Credits.....	\$
	Total Credits.....	\$
	Debits.....	\$
	Total Debits.....	\$
435	Balance Transferred from Income.....	\$ (28,721)
436	Appropriations of Retained Earnings:	
	\$
	Total Appropriations of Retained Earnings.....	\$
	Balance end of year.....	\$
214	Appropriated Retained Earnings (state balance and purpose of each appropriated amount at year end):	
	\$
	\$
	Total Appropriated Retained Earnings.....	\$
	Total Retained Earnings.....	\$ (459,435)

Notes to Statement of Retained Earnings:

NOTES PAYABLE (ACCOUNTS 232 & 234)

(a)	NOMINAL DATE OF ISSUE (b)	DATE OF MATURITY (c)	INTEREST		PRINCIPAL AMOUNT PER BALANCE SHEET (f)
			RATE (d)	AMOUNT OF PAYMENT (e)	
Account 232 - Notes Payable:				\$	\$
Total Account 232.....				\$	\$ N/A
Account 234 - Notes Payable To Associated Companies:				\$	\$
Total Account 234.....				\$	\$ N/A

ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES (ACCOUNT 233)

SHOW PAYABLE TO EACH ASSOCIATED COMPANY SEPARATELY	AMOUNT
	\$
Total.....	\$ N/A

TAXES ACCRUED (ACCOUNT 236)

ACCT. NO. (a)	DESCRIPTION (b)	TOTAL (c)
	Balance first of year.....	\$ 63
	Accruals Charged:	
408.10	Utility regulatory assessment fees.....	1,801
408.11	Property taxes.....	21,350
408.12	Payroll taxes.....	2,017
408.13	Other taxes and licenses.....	
408.20	Taxes other than income, other income and deductions	
	Total taxes accrued.....	\$ 25,168
	Taxes paid during year:	
408.10	Utility regulatory assessment fees.....	1,801
408.11	Property taxes.....	21,413
408.12	Payroll taxes.....	2,017
408.13	Other taxes and licenses.....	
408.20	Taxes other than income, other income and deductions	
	Total taxes paid.....	\$ 25,231
	Balance end of year.....	\$ 0

ACCRUED INTEREST (ACCOUNT 237)

DESCRIPTION OF DEBT (a)	BALANCE BEGINNING OF YEAR (b)	INTEREST ACCRUED DURING YEAR (c)	INTEREST PAID DURING YEAR (d)	BALANCE END OF YEAR (e)
Account No. 237.1 - Accrued Interest on Long-Term Debt:	\$ 20,462	\$ 184,540	\$ 190,583	\$ 14,419
Total Acct. No. 237.1	\$ 20,462	\$ 184,540	\$ 190,583	\$ 14,419
Account No. 237.2 - Accrued Interest on Other Liabilities:	\$	\$	\$	\$
Total Acct. No. 237.2	\$	\$	\$	\$
Total Acct. No. 237	\$ 20,462	\$ 184,540	\$ 190,583	\$ 14,419

MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (ACCOUNT 242)

DESCRIPTION (a)	BALANCE END OF YEAR (b)
Accrued wages	\$ 2,587
Total Miscellaneous Current and Accrued Liabilities.....	\$ 2,587

WATER UTILITY PLANT ACCOUNTS

ACCT. NO. (a)	ACCOUNT NAME (b)	PREVIOUS YEAR (c)	ADDITIONS (d)	RETIREMENTS (e)	CURRENT YEAR (f)	INTAN-GIBLE PLANT (g)	SOURCE OF SUPPLY & PUMPING PLANT (h)	WATER TREATMENT PLANT (i)	TRANS. & DISTRIBUTION PLANT (j)	GENERAL PLANT (k)
301	Organization.....									
302	Franchises.....									
303	Land and Land Rights.....	104445	28735		133180	XXXXXXXXXX	XXXXXXXXXX 84410	XXXXXXXXXX 1600	XXXXXXXXXX 47170	XXXXXXXXXX
304	Structures and Improvements..	921630	1200		1922830	XXXXXXXXXX	144731	145465	588444	44190
305	Collecting and Impounding Reservoirs.....	95107			95107	XXXXXXXXXX	95107	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
306	Lake River and Other Intakes..					XXXXXXXXXX		XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
307	Wells and Springs.....					XXXXXXXXXX		XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
308	Infiltration Galleries and Tunnels.....					XXXXXXXXXX		XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
309	Supply Mains.....					XXXXXXXXXX		XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
310	Power Generation Equipment...					XXXXXXXXXX		XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
311	Pumping Equipment.....	80507	1900		82407	XXXXXXXXXX	82407	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
320	Water Treatment Equipment....	23225			23225	XXXXXXXXXX	XXXXXXXXXX	23225	XXXXXXXXXX	XXXXXXXXXX
330	Distribution Reservoirs and Standpipes.....	653427	172937		826364	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	826364	XXXXXXXXXX
331	Transmission and Distribution Mains.....	4437849	2169302		6607151	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	6607151	XXXXXXXXXX
333	Services.....	957			957	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	957	XXXXXXXXXX
334	Meters & Meter Installations..	535165	25537		560702	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	560702	XXXXXXXXXX
335	Hydrants.....	1724			1724	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	1724	XXXXXXXXXX
339	Other Plant and Miscellaneous Equipment.....					XXXXXXXXXX		XXXXXXXXXX		XXXXXXXXXX
340	Office Furniture and Equipm...	32870	3412		36282	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	36282
341	Transportation Equipment.....	115575	23289		138864	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	138864
342	Stores Equipment.....					XXXXXXXXXX		XXXXXXXXXX		
343	Tools, Shop and Garage Equip.					XXXXXXXXXX		XXXXXXXXXX		
344	Laboratory Equipment.....					XXXXXXXXXX		XXXXXXXXXX		
345	Power Operated Equipment.....	90143	325		90468	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	90468
346	Communication Equipment.....					XXXXXXXXXX		XXXXXXXXXX		
347	Miscellaneous Equipment.....	38392	361		38753	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	38753
348	Other Tangible Plant.....					XXXXXXXXXX		XXXXXXXXXX		
	Water Plant.....	8131016	2426998		10558014		406655	1170290	8632512	348557

WATER OPERATING REVENUE

ACCT. NO.		BEGINNING YEAR NO. CUSTOMERS	YEAR END NUMBER CUSTOMERS	AMOUNTS
(a)	(b)	(c)	(d)	(e)
	Operating Revenues:			
460	Unmetered Water Revenue.....			\$
461	Metered Water Revenue:			
461.1	Sales to Residential Customers.....	3354	3514	\$ 869,001
461.2	Sales to Commercial Customers.....	205	221	105,481
461.3	Sales to Industrial Customers.....	7	8	14,952
461.4	Sales to Public Authorities.....	5	6	1,107
461.5	Sales to Multiple Family Dwellings.....	2	2	17,647
461.6	Sales through Bulk Loading Stations....	1	1	555
	Total Metered Sales.....	3574	3752	\$ 1,008,743
462	Fire Protection Revenue:			
462.1	Public Fire Protection.....			\$
462.2	Private Fire Protection.....			
	Total Fire Protection Revenue.....			\$
464	Other Sales to Public Authorities.....			\$
465	Sales to Irrigation Customers.....			
466	Sales for Resale.....	3	3	25,101
467	Interdepartmental Sales.....			
	Total Sales of Water.....	3577	3755	\$ 1,033,844
	Other Water Revenues:			
470	Forfeited Discounts.....			\$
471	Miscellaneous Service Revenues.....			7,895
472	Rents from Water Property.....			
473	Interdepartmental Rents.....			
474	Other Water Revenues.....			
475	Provision for Rate Refunds.....			
	Total Other Water Revenues.....			\$
	Total Water Operating Revenues.....			\$ 1,041,739

WATER UTILITY EXPENSE ACCOUNTS

ACCT. NO. (a)	ACCOUNT NAME (b)	CURRENT YEAR (c)	WATER EXPENSE ACCOUNT MATRIX							
			.1 SOURCE OF SUPPLY & EXPENSES- OPERATION (d)	.2 SOURCE OF SUPPLY & EXPENSES- MAINTEN. (e)	.3 WATER TREATMENT EXPENSES- OPERATION (f)	.4 WATER TREATMENT EXPENSES- MAINTEN. (g)	.5 TRANS. & DISTRIBU. EXPENSES- OPERATION (h)	.6 TRANS. & DISTRIBU. EXPENSES- MAINTEN. (i)	.7 CUSTOMER ACCOUNTS EXPENSE (j)	.8 ADMINIS- TRATIVE & GENERAL EXPENSES (k)
601	Salaries and Wages-Employees.	\$ 258748	\$ 33662	\$	\$ 33662	\$	\$ 104536	\$	\$ 54943	\$ 319
603	Salaries and Wages-Officers, Directors and Majority Stockholders.....									
604	Employee Pensions & Benefits.	41428								41428
610	Purchased Water.....		XXXXXXX		XXXXXXX		XXXXXXX		XXXXXXX	XXXXXXX
615	Purchased Power.....	58399	XXXXXXX		XXXXXXX		XXXXXXX		XXXXXXX	XXXXXXX
616	Fuel for Power Production....	56147	XXXXXXX		XXXXXXX		XXXXXXX		XXXXXXX	XXXXXXX
618	Chemicals.....									
620	Materials and Supplies.....	122152					105229			XXXXXXX
631	Contractual Services - Eng....	5995								5995
632	Contractual Services - Acct..	1000								1000
633	Contractual Services - Legal.									
634	Contractual Services - Management Fees.....									
635	Contractual Services - Other.	32165							32165	
641	Rental of Bldg./Real Property									
642	Rental of Equipment.....									
650	Transportation Expenses.....	13164					13164			
656	Insurance - Vehicle.....	3648					3648			
657	Insurance - General Liability	3648								3648
658	Insurance - Worker's Compensation.....	7269								
659	Insurance - Other.....	2158								7269
660	Advertising Expense.....		XXXXXXX		XXXXXXX		XXXXXXX		XXXXXXX	
666	Regulatory Commission Exp....		XXXXXXX		XXXXXXX		XXXXXXX		XXXXXXX	
	- Amortization of Rate Case Expense.....		XXXXXXX		XXXXXXX		XXXXXXX		XXXXXXX	
667	Regulatory Commission Exp....		XXXXXXX		XXXXXXX		XXXXXXX		XXXXXXX	
	- Other.....		XXXXXXX		XXXXXXX		XXXXXXX		XXXXXXX	
670	Bad Debt Expense.....	12480	XXXXXXX		XXXXXXX		XXXXXXX		XXXXXXX	XXXXXXX
675	Miscellaneous Expenses.....	42101								30358
Tc	Water Utility Expenses.	\$ 660502	\$ 92061	\$	\$ 89809	\$	\$ 226577	\$	\$ 11651	\$ 123801

PUMPING AND PURCHASED WATER STATISTICS

(a)	WATER PURCHASED FOR RESALE (Omit 000's) (b)	WATER PUMPED FROM WELLS (Omit 000's) (c)	TOTAL WATER PUMPED AND PURCHASED (Omit 000's) (d)	WATER SOLD TO CUSTOMERS (Omit 000's) (e)
January.....		25,949	25,949	18,086
February.....		23,714	23,714	17,957
March.....		25,339	25,339	14,485
April.....		23,344	23,344	17,077
May.....		24,477	24,477	17,832
June.....		22,425	22,425	19,368
July.....		25,037	25,037	19,666
August.....		25,560	25,560	21,111
September.....		24,334	24,334	19,944
October.....		23,966	23,966	18,593
November.....		21,713	21,713	17,643
December.....		22,943	22,943	17,381
Total for year.....		288,801	288,801	219,143

Maximum gallons pumped by all methods in any one day (Omit 000's): 936

Date 1 / 1 / 98

Minimum gallons pumped by all methods in any one day (Omit 000's): 628

Date 12 / 26 / 98

If water is purchased for resale, indicate the following:

Vendor _____

Point of delivery _____

If water is sold to other water utilities for redistribution, list names of such utilities below:

City of McKee _____

City of Beattyville _____

Rockcastle County Water Association _____

SALES FOR RESALE (466)

LINE #	COMPANY	GALLONS	AVG. RATE (CENTS)	AMOUNT
1	City of McKee	12,289,100	\$1.10/1000G	14,439
2	Rockcastle County Water Association	3,542,000	\$1.48/1000G	5,557
3	City of Beattyville	3,989,000	\$1.28/1000G	5,105
4				
5				
6				
7	TOTAL	19,820,100		25,101

WATER PRODUCED, PURCHASED AND DISTRIBUTED

LINE #	ITEM	GALLONS
1	WATER PRODUCED AND PURCHASED:	
2	Water Produced	288,801,000
3	Water Purchased	
4	TOTAL PRODUCED AND PURCHASED	288,801,000
5	DISTRIBUTION OF WATER PRODUCED AND PURCHASED:	
6	Water Sold:	
7	TOTAL SALES OF WATER	219,143,300
8	OTHER WATER USED:	
9	Free Customers (estimate portion not metered)	108,000
10	Water Used by Company (estimate portion not metered)	52,119,700
11	Line Loss and Other Unaccounted for Water (estimate)	17,430,000
12	TOTAL OTHER WATER USED	69,657,700
13	TOTAL (must agree with line 4 above)	288,801,000

PERCENTATE OF LINE LOSS (line 11 divided by line 4) 6.04 %

WATER STATISTICS

CUSTOMER TYPE

NUMBER OF GALLONS SOLD

Residential (460)	
Commercial (460)	
Industrial (460)	
TOTAL (460)	
Residential (461)	172,957,300
Commercial (461)	23,498,100
Industrial (461)	2,867,800
TOTAL (461)	199,323,200
Private Fire-Protection Service (462)	
Public Fire-Protection Service (463)	
Other Sales to Public Authorities (464)	
Sales to Irrigation Customers (465)	
Sales for Resale (466)	19,820,100
TOTAL GALLONS OF WATER SOLD	219,143,300

PLANT STATISTICS

Give the following information:

1. Number of fire hydrants, by size
2. Number of private fire hydrants, by size
3. Whether water supply is river, impounded streams, well, springs, artificial lake or collector type well
4. Whether supply is by gravity, pumping, or a combination
5. Type, capacity, and elevation of reservoirs at overflow and ground level
6. Miles of main by size and kind
7. Types of filters: gravity or pressure, number of units, and total rated capacity in gallons per minute
8. Type of chlorinators, number of units and capacity in pounds per 24 hours
9. Station equipment. List each pump separately, giving type and capacity and H.P. of driving unit and character of driving unit (steam, electric, or internal combustion). State whether pump is high or low duty.
10. Quantity of fuel used: coal in pounds, gas in cu. ft., oil in gallons, and electric in KWH.
11. Give a description and total cost of any sizable additions or retirements to plant in service outside the normal system growth for the period covered by this report
12. Capacity of clear well
13. Peak month, in gallons of water sold
14. Peak day, in gallons of water sold

1.	62 - 6 Inch
	22 - 4 Inch
2.	None
3.	Impounded Stream
4.	Gravity
5.	1 Each - Elevated Tank - 75,000 Gallons
	Overflow Elevation 1,490 M.S.L.
	Ground Elevation 1,365 M.S.L.
	1 Each - Elevated Tank - 50,000 Gallons
	Overflow Elevation 1,600 M.S.L.
	Ground Elevation 1,525 M.S.L.
	1 Each - Elevated Tank - 25,000 Gallons
	Overflow Elevation 1,710 M.S.L.
	Ground Elevation 1,610 M.S.L.
	1 Each - Elevated Tank - 150,000 Gallons
	Overflow Elevation 1,490 M.S.L.
	Ground Elevation 1,362 M.S.L.
	1 Each - Stand Pipe - 110,000 Gallons
	Overflow Elevation 1,314 M.S.L.
	Ground Elevation 1,218 M.S.L.
	1 Each - Stand Pipe - 88,000 Gallons
	Overflow Elevation 1,373 M.S.L.
	Ground Elevation 1,350 M.S.L.
	1 Each - Elevated Tank - 150,000 Gallons
	Overflow Elevation 1,600 M.S.L.
	Ground Elevation 1,522 M.S.L.

PLANT STATISTICS CONT'D.

1 Each	-	Stand Pipe	-	210,000 Gallons
Overflow Elevation				1,490 M.S.L.
Ground Elevation				1,397 M.S.L.
1 Each	-	Elevated Tank	-	50,000 Gallons
Overflow Elevation				1,670 M.S.L.
Ground Elevation				1,580 M.S.L.
6.	A.	12"	PVC	- .2 Miles
	B.	10"	PVC	- 6.9 Miles
	C.	8"	CIP	- 1.1 Miles
	D.	8"	PVC	- 3.2 Miles
	E.	6"	CIP	- 6.1 Miles
	F.	6"	PVC	- 81.6 Miles
	G.	4"	CIP	- 3.3 Miles
	H.	4"	PVC	- 101.3 Miles
	I.	3"	PVC	- 62.7 Miles
7.	Rapid Sand Filters	Gravity:	2 Filters:	694 GPM
8.	Wallace & Tiernan	-	50 Lbs.	per 24 Hours
9.	Pump Stations:			
	2 Each	-	25 HP	Electric High Service - 100 GPM (Sand Gap)
	2 Each	-	5 HP	Electric High Service - 40 GPM (Morrill)
	1 Each	-	7.5 HP	Electric High Service - 80 GPM (Azbill Road)
	1 Each	-	7.5 HP	Electric High Service - 80 GPM (Turkey Foot)
	2 Each	-	30 HP	Electric High Service - 300 GPM (Birch Lick)
	2 Each	-	3 HP	Electric High Service - 80 GPM (Pine Grove)
	2 Each	-	5 HP	Electric High Service - 55 GPM (Kerby Knob)
	2 Each	-	7.5 HP	Electric High Service - 150 GPM (Mildred Road)
10.	K.W.H.		1,121,357	
11.	None			
12.	198,000 Gallons			
13.	January 1998 - 19,688,200 Gallons			
14.	January 1, 1998 - 936,000 Gallons			

OATH

Commonwealth of Kentucky }
County of Jackson } ss:

Ricky Joe Boggs makes oath and says
(Insert here the name of the affiant)

that he is Treasurer of
(Insert here the official title of the affiant)

Jackson County Water Association, Incorporated;
(Insert here the exact legal title or name of the respondent)

that it is his duty to have supervision over the books of account of the respondent and to control the manner in which such books are kept; that he knows that such books have, during the period covered by the foregoing report, been kept in good faith in accordance with the accounting and other orders of the Public Service Commission of Kentucky, effective during the said period; that he has carefully examined the said report and to the best of his knowledge and belief the entries contained in the said report have, so far as they relate to matters of account, been accurately taken from the said books of account and are in exact accordance therewith; that he believes that all other statements of fact contained in the said report are true; and that the said report is a correct and complete statement of the business and affairs of the above-named respondent during the period of time from and including

January 1, 1998, to and including December 31, 1998

Ricky J. Boggs
(Signature of affiant)

Subscribed and sworn to before me, a Notary Public, in and for the State and County above named, this 15th day of April, 1999.

(Apply Seal Here)

My commission expires 6-8-99

Wilma Bingham
(Signature of officer authorized to administer oaths)

EXHIBIT 2

EXHIBIT 3

FOR Entire Service Area

P.S.C. KY. NO. 3

ORIGINAL SHEET NO. 1

CANCELLING P.S.C. KY. NO. _____

Fourth Revised SHEET NO. 1

Jackson County Water Association

RULES AND REGULATIONS

Comparative Tariff

RATES:

CURRENT RATES per 1000 gallons

PROPOSED RATES

5/8" meter		
minimum bill (first 1000 gals.)	\$10.00	\$11.82
over 1000 gals.	\$3.90	\$ 3.69
1" meter		
minimum bill (first 5000 gals.)	\$25.60	\$26.58
over 5000 gals.	\$3.15	\$ 3.69
1 1/2" meter (first 10,000 gals)	\$41.35	\$45.03
over 10,000 gals	\$ 2.55	\$ 3.69
2" meter (first 20,000 gals)	\$66.85	\$81.93
over 20,000 gals	\$ 1.90	\$ 3.69
3" meter (first 30,000 gals)	\$85.85	\$118.83
over 30,000 gals	\$ 1.90	\$ 3.69
4" meter (first 40,000 gals)	\$104.85	\$155.73
over 40,000 gals	\$ 1.90	\$ 3.69

Wholesale rates per 1000 gallons:

Mckee	\$1.10	\$1.50
Beattyville	\$1.28	\$1.66
North Rockcastle W.D.	\$1.48	\$1.79

DATE OF ISSUE 10/04/99 DATE EFFECTIVE 11/15/99
MONTH DAY YEAR MONTH DAY YEAR

ISSUED BY John Powell Manager
NAME OF OFFICER TITLE

EXHIBIT 4

JACKSON COUNTY WATER ASSOCIATION
NOTICE TO CUSTOMERS

Pursuant to the Regulations of the Public Service Commission, Jackson County Water Association gives Notice that it has applied for an increase of water rates with the Commission. It proposes the following rates, which amount to an increase of approximately 18% over the current residential minimum bill and a 5% increase of the current average residential monthly bill. Further information may be obtained from the Commission or the Association. The rates proposed in this Notice may be modified by the Commission. Such action by the Commission may result in the rates being higher or lower than those proposed by Jackson County.

Any corporation, association, body politic or person may by timely motion, within 30 days of this Notice, request intervention in this case. Intervention beyond the 30 day period may be granted for good cause shown. The Motion must be submitted to the Public Service Commission, 730 Schenkel Lane, Box 615, Frankfort, Ky. 40602 and should state the grounds for the request, including the interest and status of the party. Intervenors may obtain copies of the Application and any testimony filed by contacting the Association at the address below. A copy of the Application is available for public review at Jackson County's office and at the Public Service Commission, 730 Schenkel Lane, Frankfort, Ky. 40601, (502) 564-3940.

Mr. John Powell
Box 232
Tyner, Ky 40486
(606) 287-7000

CURRENT RATES per 1000 gallons

PROPOSED RATES

5/8" meter		
minimum bill (first 1000 gals.)	\$10.00	\$11.82
over 1000 gals.	\$3.90	\$ 3.69
1" meter		
minimum bill (first 5000 gals.)	\$25.60	\$26.58
over 5000 gals.	\$3.15	\$ 3.69
1 1/2" meter (first 10,000 gals)	\$41.35	\$45.03
over 10,000 gals	\$ 2.55	\$ 3.69
2" meter (first 20,000 gals)	\$66.85	\$81.93
over 20,000 gals	\$ 1.90	\$ 3.69
3" meter (first 30,000 gals)	\$85.85	\$118.83
over 30,000 gals	\$ 1.90	\$ 3.69
4" meter (first 40,000 gals)	\$104.85	\$155.73
over 40,000 gals	\$ 1.90	\$ 3.69

Wholesale rates per 1000 gallons:

Mckee	\$1.10	\$1.50
Beattyville	\$1.28	\$1.66
North Rockcastle W.D.	\$1.48	\$1.79

Non-Recurring fees:	Current	Proposed
Meter reading recheck	\$ 5.00	\$36.00
Service Investigation fee	20.00	36.00
Return Check Charge - notice only	5.00	11.00
Reconnect Charge regular hours	15.00	36.00

Proposed fees:

Tap on charge:	\$400.74
Service Charge regular hours	36.00
Service Charge after hours	50.00
Reconnect Charge after hours	50.00
Request meter test charge	50.00
Delinquent account disconnect charge	36.00
Return check Notice & Disconnect	46.00

EXHIBIT 5



KENVIRONS

JACKSON COUNTY WATER ASSOCIATION

RATE STUDY

PROJECT NO. 99115

JULY, 1999

Kenvirons, Inc.

Civil & Environmental Engineering and Laboratory Services

JACKSON COUNTY WATER ASSOCIATION

RATE STUDY

PROJECT No. 99115

JULY, 1999



The Jackson County Water Association (JCWA) serves all of Jackson County except the City of McKee. JCWA sells treated water, on a wholesale basis, to Northern Rockcastle Water Association and the cities of Beattyville and McKee. Sales to McKee supplement the city's water supply and sales to Beattyville serve a small cluster of county customers that the city could not serve through its existing system.

The wholesale rates are based on a cost of service methodology using average sales. Data is not available to incorporate a demand type analysis. A demand analysis would not impact the wholesale rates since the daily and hourly demands are provided by the JCWA storage facilities.

The determination of the rates is accomplished through the exhibits contained herein which are intended to be self explanatory.

The rate structure has been reduced to a two-step rate including a minimum bill and flat cost per thousand thereafter.

EXHIBIT 1

1.	<u>Water Sold</u>	<u>Water Sold (1,000 Gallons)</u>	<u>%</u>
	General Customers	199,323.2	90.96
	City of McKee	12,289.1	5.61
	Rockcastle County Water Assoc.	3,542.0	1.62
	City of Beattyville	<u>3,989.0</u>	<u>1.82</u>
		219,143.3	100.00

2. Water Treatment Plant Data

$$\frac{23,269.5 \text{ (Plant Use)}}{288,801.0 \text{ (Total Produced)}} = 8.06\%$$

3. Water Data Breakdown

Produced	288,801,000
Sold	(-) 219,143,300
Unmetered	(-) 108,000
Utility Use	(-) <u>52,119,700</u>
Unaccounted for	17,430,000

$$\text{Line Loss} = 17,430 \div 288,801 = 6.04\%$$

EXHIBIT 2

ADJUSTMENTS TO TEST YEAR

1. SALARIES AND BENEFITS

<u>Function</u>	(1)			(2)			<u>Total Adjustment</u>
	<u>1998 Salaries</u>	<u>1999 Salaries</u>	<u>%</u>	<u>Salaries Adjustment</u>	<u>FICA Adjustment</u>	<u>Health Ins. Adjustment</u>	
Source of Supply & Treatment	67,324	70,690	26.02	3366	257	3456	7079
Trans. & Dist.	104,536	109,763	40.40	5227	400	5365	10,992
Customer Accounts	54,943	57,690	21.23	2747	210	2819	5776
Admin. & Gen.	<u>31,945</u>	<u>33,542</u>	<u>12.35</u>	<u>1597</u>	<u>122</u>	<u>1640</u>	<u>3359</u>
	258,748	271,685	100.00	12,937	989	13,280	27,206

(1) Salary increases are 5%

(2) Health Insurance Premium paid by utility proportioned to function according to breakdown of salaries.

Existing Premium	45,402
1998 Premium	<u>31,762</u>
Adjustment	13,280

EXHIBIT 3

BREAKDOWN OF WORKMAN'S COMPENSATION AND BENEFITS TO FUNCTION

1. Salaries & Benefits

<u>Function</u>	<u>1998 Salaries</u>	<u>%</u>	<u>Benefits & Workman's Comp.</u> (1)
Source of Supply & Treatment	67,324	26.02	12,671
Transmission & Distribution	104,536	40.40	19,674
Customer Accounts	54,943	21.23	10,338
Admin. & General	<u>31,945</u>	<u>12.35</u>	<u>6,014</u>
	258,748	100.00	48,697

Pensions & Benefits	\$41,428
Workman's Compensation	<u>7,269</u>
	48,697

(1) Proportioned according to salaries by function

EXHIBIT 4

ADJUSTED OPERATING AND MAINTENANCE EXPENSES

<u>Function</u>	<u>1998 Annual Report</u>	<u>Test Year Adjustment</u>	<u>Reallocated Benefits & Workman's Comp</u>	<u>Total Adjusted & Reallocated Costs</u>
Water Supply & Treatment	158,254 ⁽³⁾	7079	12,671	178,004
Transmission & Distribution	261,936 ⁽³⁾	10,992	19,674	292,602
Customer Accounts	116,511	5776	10,338	132,625
Admin. & General	<u>123,801</u>	<u>3359</u>	<u>(42,683)⁽⁵⁾</u>	<u>84,477</u>
	660,502	27,206	0	687,708

REALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES

	<u>Adjusted Expenses</u>	<u>%</u>	<u>Reallocated A & G</u>	<u>Add Deductions</u>	<u>Total Expenses</u>
Water Supply & Treatment	87,074 ⁽¹⁾	17.82	15,054	90,930 ⁽¹⁾	193,058
Transmission & Dist.	268,986 ⁽²⁾	55.04	46,496	23,616 ⁽¹⁾	339,098
Customer Accounts	<u>132,625</u>	<u>27.14</u>	<u>22,927</u>	-	<u>155,552</u>
	488,685	100.00	84,477	114,546	687,708
Admin. & General	<u>84,477</u>				
	573,162				
Add ⁽¹⁾	90,930				
Add ⁽²⁾	<u>23,616</u>				
TOTAL EXPENSES	687,708				

⁽¹⁾ Deduct electrical power (\$34,783) + chemicals (\$56,147) = \$90,930
 178,004 - 90,930 = \$87,074

⁽²⁾ Deduct electrical power (\$23,616)

⁽³⁾ The 1998 Annual Report reports the total Purchased Power (\$58,399) in source of Supply where \$23,616 was attributable to Transmission and Distribution. The amount, \$23,616, was added to Transmission & Distribution and deducted from Source of Supply.

⁽⁴⁾ See Exhibit 2

⁽⁵⁾ Benefits and Workman's Compensation (\$48,697) was deducted from Admin. & General and reallocated to function in proportion to salaries, with \$6,014 allocated to Admin. & General, See Exhibit 3. The total reallocation to Admin. & General = \$6,014 - \$48,697 = (-)42,683.

EXHIBIT 5

BREAKDOWN OF DEPRECIATION

TABLE 1

TOTAL ANNUAL DEPRECIATION

<u>Plant Accounts</u>	<u>1998 Deprec.</u>	<u>%</u>	<u>Redistributed General Plant</u>	<u>Depreciation by Function</u>
Water Supply & Treatment	54,704	23.96	6,631	61,335
Dist. Reservoirs	21,809	9.55	2,643	24,452
T & D Mains	138,063	60.46	16,732	154,795
Meters & Services	13,765	6.03	1,668	15,433
General Plant	<u>27,674</u>	<u>-</u>	<u>-</u>	<u>-</u>
	256,015	100.00	27,674	256,015

TABLE 2

Breakdown of Transmission & Distribution

<u>Plant Accounts</u>	<u>1998 Deprec.</u>	<u>%</u>
Distribution Reservoirs	21,809	12.56
T & D Mains	38,063	79.51
Meters & Services	<u>13,765</u>	<u>7.93</u>
	173,637	100.00

EXHIBIT 6

DEBT SERVICE

<u>Bond Issue</u>	<u>Type of Plant</u>	<u>Annual Debt Service</u>	<u>Coverage</u>	<u>Total Debt Service Plus Coverage</u>
1970-84 (RD)	WTP & System	69,618	6,962	76,580
1990 (RD)	WTP & System	72,014	7,201	79,215
1991 (KIA)	System	113,915	3,190	117,105
1997 (RD)	System	<u>55,410</u>	<u>5,541</u>	<u>60,951</u>
		310,957	22,894	333,851

BREAKDOWN OF DEBT SERVICE PLUS COVERAGE

<u>Bond Issue</u>	<u>Debt Service & Coverage</u>	<u>WTP</u>	<u>Trans & Dist.</u>	
			<u>System</u>	<u>Meters & Services</u>
1970-84	76,580 ⁽¹⁾	18,348	53,614	4,618
1990	79,215	38,063 ⁽²⁾	37,889	3,263
1991	117,105 ⁽³⁾		107,819	9,286
1997	<u>60,951⁽³⁾</u>		<u>56,118</u>	<u>4,833</u>
	333,851	56,411	255,440	22,000

(1) Breakdown according to Exhibit 5 percentages

(2) Actual percentage attributable to WTP (48.05%) and distribution system extensions (51.95%). Trans. & Dist. portion apportioned according to Table 2, Exhibit 5.

(3) Apportioned according to Table 2, Exhibit 5

EXHIBIT 7

DISTRIBUTION SYSTEM DATA

1. JACKSON COUNTY W.A.

<u>Line Size</u> <u>(inches)</u>	<u>Length</u> <u>(miles)</u>	<u>Total</u> <u>Inch Miles</u>
12	0.2	2.4
10	6.9	69.0
8	4.3	34.4
6	87.7	526.2
4	104.6	418.4
3	62.7	<u>188.1</u>
		1,238.5

2. DISTRIBUTION SYSTEM USED JOINTLY BY MCKEE

<u>Line Size</u> <u>(inches)</u>	<u>Length</u> <u>(miles)</u>	<u>Total</u> <u>Inch Miles</u>
12	0.2	2.4
10	1.4	14.0
8	2.3	18.4
6	4.0	<u>24.0</u>
		58.8

Inch-Mile Ratio = $58.8/1238.5 = .0475$

Tyner Tank
Gray Hawk Tank

3. DISTRIBUTION SYSTEM USED JOINTLY BY BEATTYVILLE

<u>Line Size</u>	<u>Length</u> <u>(miles)</u>	<u>Inch Miles</u>
12	0.20	2.4
10	1.40	14.0
8	2.30	18.4
6	10.50	63.0
4	4.0	<u>16.0</u>
		113.8

Inch-Mile Ratio = $113.8/1238.5 = .0919$

Tyner Tank
Gray Hawk Tank

**EXHIBIT 7
(CONTINUED)**

4. DISTRIBUTION SYSTEM USED JOINTLY BY NORTHERN ROCKCASTLE W.A.

<u>Line Size</u>	<u>Length (miles)</u>	<u>Inch-Miles</u>
12	0.2	2.4
10	4.9	49.0
8	3.3	26.4
6	13.1	78.6
4	2.0	<u>8.0</u>
		164.4

Inch-Mile Ratio = $164.4/1238.5 = .1327$

Tyner Tank
Gray Hawk Tank
Birch Lick Tank

Sand Gap Tanks (2)
Morrill Tank

Birch Lick P.S.
Sand Gap P.S.
Morrill P.S.

EXHIBIT 8

ALLOCATION FACTORS

- WPM = Water Production Multiplier
- WPF = Water Production Factor
- WTF = Water Transmission Factor

1. JACKSON COUNTY WATER ASSOCIATION

$$\text{Share of Line Loss \& Plant Use} = 1.0 \times .06 + .08 = .14$$

$$\text{WPM} = \frac{1}{1-.14} = 1.1628$$

2. MCKEE

$$\text{Share of Line Loss \& Plant Use} = .0475^{(1)} \times .06 + .08 = .0829$$

$$\text{WPM} = \frac{1}{1-.0829} = 1.0904$$

$$\text{WPF} = \frac{1.0904 \times .0561^{(2)}}{1.1628} = 0.0526$$

$$\text{WTF} = .0475 \times .0561 = .0027$$

3. BEATTYVILLE

$$\text{Share of Line Loss \& Plant Use} = .0919^{(1)} \times .06 + .08 = .0855$$

$$\text{WPM} = \frac{1}{1-.0855} = 1.0935$$

$$\text{WPF} = \frac{1.0935 \times .0182^{(2)}}{1.1628} = .0171$$

$$\text{WTF} = .0919 \times .0182 = .0017$$

⁽¹⁾ Inch-Mile Ration

⁽²⁾ Percentage of Sold Water

EXHIBIT 8

(CONTINUED)

4. NORTHERN ROCKCASTLE WATER ASSOCIATION

$$\text{Share of Line Loss \& Plant Use} = .1327^{(1)} \times .06 + .08 = .0880$$

$$\text{WPM} = \frac{1}{1-.0880} = 1.0965$$

$$\text{WPF} = \frac{1.0965 \times .0161^{(2)}}{1.1628} = .0152$$

$$\text{WTF} = .1327 \times .0161 = .0021$$

EXHIBIT 9

WHOLESALE RATE CALCULATION CITY OF MCKEE

	<u>Total Cost</u>	<u>Allocation Factors</u>	<u>Allocated Cost</u>
1. Operating & Maintenance Expenses			
1.1 Supply & Treatment	193,058	.0526	10,155
1.2 Transmission & Distribution	339,098	.0027	916
2. Debt Service Plus Coverage			
2.1 Supply & Treatment	56,411	.0526	2,967
2.2 Transmission & Distribution	255,440	.0027	690
3. Depreciation			
3.1 Supply & Treatment	61,335	.0526	3,226
3.2 Transmission & Distribution	179,247	.0027	<u>484</u>
			18,438

Wholesale Rate = \$18,438/12,289.1 MGals. = **\$1.50 per 1000 Gallons**

EXHIBIT 10

**WHOLESALE RATE CALCULATION
CITY OF BEATTYVILLE**

	<u>Total Cost</u>	<u>Allocation Factor</u>	<u>Allocated Cost</u>
1. Operating and Maintenance Expenses			
1.1 Supply & Treatment	193,058	.0171	3,301
1.2 Transmission & Distribution	339,098	.0017	576
	<u>Total Cost</u>	<u>Allocation Factor</u>	<u>Allocated Cost</u>
2. Debt Service Plus Coverage			
2.1 Supply & Treatment	56,411	.0171	965
2.2 Transmission & Distribution	255,440	.0017	434
	<u>Total Cost</u>	<u>Allocation Factor</u>	<u>Allocated Cost</u>
3. Depreciation			
3.1 Supply & Treatment	61,335	.0171	1,049
3.2 Transmission & Distribution	179,247	.0017	305
			<hr/>
	Total Allocated Cost		\$6,630

Wholesale Rate = \$6,630/3989.0 MGals = **\$1.66 per 1,000 Gallons**

EXHIBIT 11

WHOLESALE RATE CALCULATION NORTHERN ROCKCASTLE WATER ASSOCIATION

	<u>Total Cost</u>	<u>Allocation Factor</u>	<u>Allocated Cost</u>
1. Operating & Maintenance Expenses			
1.1 Supply & Treatment	193,058	.0152	2,935
1.2 Transmission & Distribution	339,098	.0021	712
	<u>Total Cost</u>	<u>Allocation Factor</u>	<u>Allocated Cost</u>
2. Debt Service Plus Coverage			
2.1 Supply & Treatment	56,411	.0152	857
2.2 Transmission & Distribution	255,440	.0021	536
	<u>Total Cost</u>	<u>Allocation Factor</u>	<u>Allocated Cost</u>
3. Depreciation			
3.1 Supply & Treatment	61,335	.0152	932
3.2 Transmission & Distribution	179,247	.0021	376
			<hr/>
	Total Allocation Cost		\$6,348

Wholesale Rate = \$6,348/3542.0 MGals. = \$1.79 per 1,000 Gallons

EXHIBIT 12 - A

GENERAL CUSTOMER BILLING ANALYSIS
(PERIOD: JAN. - DEC., 1998)

5/8" x 3/4" Meter

<u>Rate Block</u>	<u>Bills</u>	<u>Gallons</u>
First 1000	6,530	39,901.8
Next 4000	24,715	98,301.6
Next 5000	9,734	31,226.6
Next 10,000	2,301	11,104.8
Over 20,000	<u>433</u>	<u>6,597.5</u>
	43,713	187,132.3

1" Meter

First 5000	52	651.6
Next 5000	30	441.0
Next 10,000	37	527.3
Over 20,000	<u>37</u>	<u>723.1</u>
	156	2343.0

1 1/2" Meter

First 10,000	23	655.5
Next 10,000	8	583.7
Over 20,000	<u>53</u>	<u>4873.5</u>
	84	6112.7

2" Meter

First 20,000	36	1519.4
Over 20,000	<u>59</u>	<u>4607.0</u>
	95	6126.4

3" Meter

First 30,000	0	360
Over 30,000	<u>12</u>	<u>1614.7</u>
	12	1974.7

EXHIBIT 12 - A
(CONTINUED)

4" Meter

<u>Rate Block</u>	<u>Bills</u>	<u>Gallons</u>
First 40,000	7	483.0
Over 40,000	<u>12</u>	<u>2,442.0</u>
	19	2925.0
TOTALS	44,079	206,614.1

EXHIBIT 12 - B

**GENERAL CUSTOMER WATER SALES
(PERIOD: JAN. - DEC., 1998)**

5/8" x 3/4" Meter

<u>Rate Block</u>	<u>Bills</u>	<u>Gallons</u>	<u>Existing Rate</u>	<u>Revenue</u>
First 1000	43,713	--	10.00	437,130
Next 4000		98,301.6	3.90	383,376
Next 5000		31,226.6	3.15	98,964
Next 10,000		11,104.8	2.55	28,317
Over 20,000		6,597.5	1.90	12,535
				<u>959,722</u>

1" Meter

First 5000	156	--	25.60	3,994
Next 5000		441.0	3.15	1,389
Next 10,000		527.3	2.55	1,345
Over 20,000		723.1	1.90	1,374
				<u>8,102</u>

1 1/2" Meter

First 10,000	84	--	41.35	3,473
Next 10,000		583.7	2.55	1,488
Over 20,000		4873.5	1.90	9,260
				<u>14,221</u>

2" Meter

First 20,000	95	--	68.85	6,351
Over 20,000		4607.0	1.90	8,753
				<u>15,104</u>

3" Meter

First 30,000	12	--	89.85	1,030
Over 30,000		1614.7	1.90	3,068
				<u>4,098</u>

**EXHIBIT 12 - B
(CONTINUED)**

4" Meter

<u>Rate Block</u>	<u>Bills</u>	<u>Gallons</u>	<u>Existing Rate</u>	<u>Revenue</u>
First 40,000	19	--	104.85	1,992
Over 40,000		2,442.0	1.90	<u>4,640</u>
				6,632
Total General Customer Revenue				\$1,007,879

Billing Analysis Revenues:	\$1,007,879
1998 Annual Report :	\$1,008,743

$$\text{Error} = \frac{1,008,743 - 1,007,879}{1,008,743} = 0.09\%$$

EXHIBIT 13

ADJUSTMENT FOR CURRENT CUSTOMER COUNT

Customers Billed in June, 1999	3,873
Average No. of Customers during 1998	<u>3,673</u>
Added Customers	200

Average Residential Usage = 4200 Gallons per month
Annualized Revenue = $\$22.48 \times 200 \times 12 = \underline{\$53,952}$

Annualized Expenses:

1. Water Treatment Incremental Cost

$\frac{\text{Chemicals } (\$56,147) + \text{Power } (\$34,783)}{288,801 \text{ MGals}} = \$0.32 \text{ per } 1000 \text{ Gallons}$

Additional Gallons = $200 \times 12 \times 4200 \div .9396 = 10,728 \text{ MGals}$
Treatment Cost = $10,728 \times \$0.32 = \underline{\$3,433}$

2. Repumping Cost

T & D Power = \$23,616

$\frac{219,143 \text{ MGals Sold}}{.9396} = 233,230 \text{ MGals Pumped}$

Unit Cost = $\$23,616 \div 233,230 = \$0.10 \text{ per } 1000 \text{ gals.}$
Cost = $10,728 \text{ MGals} \times 0.10 = \underline{\$1,073}$

3. Customer Accounts

$\$116,511 \div 3673 \text{ cust.} = \32 per customer

Cost = $200 \text{ cust.} \times 32 = \underline{\$6,400}$

Annualized Expenses = \$10,906

EXHIBIT 14

ANNUAL REVENUE REQUIREMENT

	<u>1998</u>	<u>Adjustments</u>	<u>Adjusted Expenses</u>
1. Operating & Maintenance	660,502	38,112 ⁽¹⁾	698,614
2. Debt Service	310,957	-	310,957
3. Debt Service Coverage & Service Fees	22,894	-	22,894
4. Depreciation	256,015	-	256,015
5. Rate Case Cost	<u> --</u>	<u>2000⁽²⁾</u>	<u> 2,000</u>
	1,250,368	40,112	1,290,480

(1) 27,206 (Ex. 2) + 10,906 (Ex. 13) = 38,112

(2) Rate Case Cost

Attorney	\$3500
Rate Study	<u> 2500</u>
Total	\$6000

Cost amortized over three (3) years = \$2000 per year

EXHIBIT 15

DEVELOPMENT OF TWO-STEP RATE STRUCTURE FOR GENERAL CUSTOMERS

<u>Billing Analysis</u>	<u>First 1000 Gals.</u>
5/8" x 3/4"	39,902
1" 156 x 1.0	156
1 1/2" 84 x 1.0	84
2" 95 x 1.0	95
3" 12 x 1.0	12
4" 12 x 1.0 + 3.0	15
Added Cust. 200 x 12 x 1.0	<u>2,400</u>
	42,664 MGals

<u>Billing Analysis</u>	<u>Gallons Over 1000</u>	<u>Bills</u>
Over minimum in all meter sizes	163,043	43,713
1" 156 x 4	624	156
1 1/2" 84 x 9	756	84
2" 95 x 19	1,805	95
3" 12 x 29	348	12
4" 12 x 39	<u>468</u>	<u>19</u>
	167,044	44,079

Added Customers

(4.2 - 1.0) 200 x 12	<u>7,680</u>	<u>2,400</u>
Totals	174,724	46,479

	<u>Revenue Requirement</u> (1)	<u>Service Revenues</u> (2)	<u>Non-Operating Income</u> (2)	<u>Interest Income</u> (2)	<u>Water Sales Wholesale Customers</u> (3)	<u>General Customers</u>
O&M Costs	\$698,614	7895	4504	23,379	18,595	644,241
Debt Service, Coverage & Depreciation	<u>589,866</u>	-	<u>4504</u>	<u>23,378</u>	<u>12,821</u>	<u>549,163</u>
	1,288,480	7895	9008	46,757	31,416	1,193,404

EXHIBIT 15
(CONTINUED)

TWO STEP RATE

First 1000 Gals. (Incl. Debt Service, Coverage & Deprec.) = \$549,163 ÷ 46,479 Bills =
\$11.82 (min. bill)

Over 1000 Gals. (O & M Costs) = \$644,241 ÷ 174,724MGals = **\$3.69/1000 gals**

- (1) See Exhibit 14
- (2) 1998 Annual Report
- (3) See Exhibits 9 - 11

EXHIBIT 16

PROJECTED ANNUAL REVENUES

<u>5/8" x 3/4" Meters</u>				
<u>Rate Block</u>	<u>Bills</u>	<u>Gallons</u>	<u>Rate</u>	<u>Revenue</u>
First 1000	43,713		11.82	516,688
Over 1000		147,230.5	3.69	543,280
				1,059,968
<u>1" Meter</u>				
First 5000	156		26.58	4,146
Over 5000		1691.4	3.69	6,241
				10,387
<u>1 1/2" Meter</u>				
First 10,000	84		45.03	3,782
Over 10,000		5457.2	3.69	20,137
				23,919
<u>2" Meter</u>				
First 20,000	95		81.93	7,783
Over 20,000		4607.0	3.69	16,999
				24,782
<u>3" Meter</u>				
First 30,000	12		118.83	1,426
Over 30,000		1614.7	3.69	5,958
				7,384
<u>4" Meter</u>				
First 40,000	19		155.73	2,959
Over 40,000		2442.0	3.69	9,011
				11,970
Added Customers	:	200 x 12 x \$23.63		56,712
City of McKee	:	12,289.1MGals x \$1.50		18,433
City of Beattyville	:	3,989 MGals x \$1.66		6,622
Northern Rockcastle W.A.	:	3,542MGals x \$1.79		6,340
		TOTAL PROJECTED REVENUES		\$1,226,517

EXHIBIT 17

SUMMARY OF PROJECTED ANNUAL REVENUES

	<u>1998</u>	<u>Adjustment</u>	<u>Adjusted Revenues</u>
<u>Water Sales</u>			
General Customers	\$1,008,743	\$186,347	\$1,195,122
City of McKee	14,439	3,994	18,433
City of Beattyville	5,105	1,517	6,622
Northern Rockcastle W. A.	<u>5,557</u>	<u>783</u>	<u>6,340</u>
	\$1,033,844	192,641	1,226,517
Miscellaneous Service Revenues	7,895	-	7,895
Non-Operating Income	9,008	-	9,008
Interest	<u>46,757</u>	<u>-</u>	<u>46,757</u>
TOTALS	\$1,097,504	\$192,641	\$1,290,177
ANNUAL REVENUE REQUIREMENT (EXHIBIT 14)			\$1,290,480

EXHIBIT 18

COMPARISON OF RATES

GENERAL CUSTOMERS

<u>Meter Size</u>	<u>Min. Bill</u>			<u>Avg. Monthly Bill</u>	<u>Average Bill</u>		
	<u>Exist.</u>	<u>Proposed</u>	<u>% Increase</u>		<u>Exist.</u>	<u>Proposed</u>	<u>% Increase</u>
5/8" x 3/4"	10.00	11.82	18.2	4200	22.48	23.60	4.98
1"	25.60	26.58	3.7	15000	54.10	63.48	17.3
1 1/2"	41.35	45.03	8.7	72800	167.17	276.76	65.6
2"	66.85	81.93	22.3	64500	151.40	246.13	62.6
3"	85.85	118.83	38.1	164600	341.59	615.50	80.2
4"	104.85	155.73	48.2	153900	321.26	576.02	79.3

WHOLESALE RATES PER 1000 GALLONS

	<u>Existing</u>	<u>Proposed</u>	<u>% Increase</u>
McKee	1.10	1.50	36.36
Beattyville	1.28	1.66	29.69
N.R.W.A.	1.48	1.79	20.95

APPENDIX 1

**BILLING ANALYSIS DATA
(PROVIDED BY JACKSON COUNTY W.A.)**

RUN DATE: 01/07/99 13:42

JACKSON COUNTY WATER ASSOCIATION
 RATE CHANGE ANALYSIS
 BASED ON BILLING HISTORY FOR 01/98 THRU 12/98

Program 10-9

SERVICE: W WATER
 RATE TABLE: C 3/4" ROCKCASTLE

ACCOUNT RANGE: ALL

STEPS	BILLS	TOTAL GALLONS*	FIRST 1000	NEXT 4000	NEXT 5000	NEXT 10000	OVER 20000
1ST	1000	38	18.9	18.9			
NEXT	4000	270	772.6	270.0	502.6		
NEXT	5000	98	650.5	98.0	392.0	160.5	
NEXT	10000	29	369.3	29.0	116.0	145.0	79.3
OVER	20000	3	80.0	3.0	12.0	15.0	30.0
TOTALS	438	1891.3	418.9	1022.6	320.5	109.3	20.0

STEPS	BILLS	TOTAL GALLONS*	RATE	PROJECTED REVENUE
1ST	1000	438	10.0000	4511.40
NEXT	4000	1022.6	3.9000	4107.78
NEXT	5000	320.5	3.1500	1039.87
NEXT	10000	109.3	2.5500	287.08
OVER	20000	20.0	1.9000	39.14
TOTAL				9985.27***

* THE NUMBER OF GALLONS ARE SHOWN IN 1000's OF GALLONS.

*** THE PROJECTED REVENUES IN THIS COLUMN INCLUDE TOTAL SCHL-TAX OF 290.83
 SCHL-TAX: 0.030000

RUN DATE: 01/29/99 13:06

JACKSON COUNTY WATER ASSOCIATION
RATE CHANGE ANALYSIS
BASED ON BILLING HISTORY FOR 01/98 THRU 12/98

program 10-8

SERVICE: # WATER
RATE TABLE: A 3/4" RESIDENTIAL

ACCOUNT RANGE: ALL

STEPS	BILLS	TOTAL GALLONS*	FIRST 1000	NEXT 4000	NEXT 5000	NEXT 10000	OVER 20000
1ST	1000	5543	2368.9	2368.9			
NEXT	4000	23636	70157.4	23636.0	46521.4		
NEXT	5000	9253	62883.8	9253.0	37012.0	16618.8	
NEXT	10000	2053	26462.2	2053.0	8212.0	10265.0	5932.2
OVER	20000	354	12521.0	354.0	1416.0	1770.0	3540.0
TOTALS	40839	174393.3	37664.9	93161.4	28653.8	9472.2	5441.0

STEPS	BILLS	TOTAL GALLONS*	RATE	PROJECTED REVENUE
1ST	1000	40839	10.0000	408390.00
NEXT	4000	93161.4	3.9000	363329.46
NEXT	5000	28653.8	3.1500	90259.47
NEXT	10000	9472.2	2.5500	24154.11
OVER	20000	5441.0	1.9000	10337.90
TOTAL				896470.94

* THE NUMBER OF GALLONS ARE SHOWN IN 1000's OF GALLONS.

RUN DATE: 01/29/99 13:12

JACKSON COUNTY WATER ASSOCIATION
RATE CHANGE ANALYSIS
BASED ON BILLING HISTORY FOR 01/98 THRU 12/98

Program 10-8

SERVICE: W WATER
RATE TABLE: B 3/4" COMMERCIAL

ACCOUNT RANGE: ALL

STEPS	BILLS	TOTAL GALLONS*	FIRST 1000	NEXT 4000	NEXT 5000	NEXT 10000	OVER 20000
1ST	1000	949	331.0	331.0			
NEXT	4000	809	2214.6	809.0	1405.6		
NEXT	5000	383	2692.3	383.0	1532.0	777.3	
NEXT	10000	219	2953.3	219.0	876.0	1095.0	763.3
OVER	20000	76	2656.5	76.0	304.0	380.0	760.0
		=====	=====	=====	=====	=====	=====
TOTALS	2436	10847.7	1818.0	4117.6	2252.3	1523.3	1136.5

STEPS	BILLS	TOTAL GALLONS*	RATE	PROJECTED REVENUE
1ST	1000	2436	10.0000	24360.00
NEXT	4000	4117.6	3.9000	16058.64
NEXT	5000	2252.3	3.1500	7094.75
NEXT	10000	1523.3	2.5500	3884.42
OVER	20000	1136.5	1.9000	2159.35
TOTAL				=====
				53557.16

* THE NUMBER OF GALLONS ARE SHOWN IN 1000's OF GALLONS.

RUN DATE: 01/29/99 13:44

JACKSON COUNTY WATER ASSOCIATION
RATE CHANGE ANALYSIS
BASED ON BILLING HISTORY FOR 01/98 THRU 12/98

program 10-8

SERVICE: W WATER
RATE TABLE: E 1st COMMERCIAL

ACCOUNT RANGE: ALL

STEPS	BILLS	TOTAL GALLONS*	FIRST 5000	NEXT 5000	NEXT 10000	OVER 20000	
1ST	5000	29	70.5	70.5			
NEXT	5000	27	195.0	135.0	60.0		
NEXT	10000	30	417.8	150.0	150.0	117.8	
OVER	20000	34	1380.8	170.0	170.0	340.0	700.8
=====							
TOTALS	120	2064.1	525.5	380.0	457.8	700.8	

STEPS	BILLS	TOTAL GALLONS*	RATE	PROJECTED REVENUE
1ST	5000	120	25.6000	3072.00
NEXT	5000	380.0	3.1500	1197.00
NEXT	10000	457.8	2.5500	1167.39
OVER	20000	700.8	1.9000	1331.52
TOTAL				=====
				6767.91

* THE NUMBER OF GALLONS ARE SHOWN IN 1000's OF GALLONS.

RUN DATE: 01/29/99 13:43

JACKSON COUNTY WATER ASSOCIATION
RATE CHANGE ANALYSIS
BASED ON BILLING HISTORY FOR 01/98 THRU 12/98

program 10-8

SERVICE: W WATER
RATE TABLE: D 1st RESIDENTIAL

ACCOUNT RANGE: ALL

STEPS	BILLS	TOTAL GALLONS*	FIRST 5000	NEXT 5000	NEXT 10000	OVER 20000
1ST	5000	23	61.1	61.1		
NEXT	5000	3	26.0	15.0	11.0	
NEXT	10000	7	109.5	35.0	35.0	39.5
OVER	20000	3	82.3	15.0	15.0	30.0
	=====	=====	=====	=====	=====	=====
TOTALS	36	278.9	126.1	61.0	69.5	22.3

STEPS	BILLS	TOTAL GALLONS*	RATE	PROJECTED REVENUE
1ST	5000	36	25.6000	921.60
NEXT	5000	61.0	3.1500	192.15
NEXT	10000	69.5	2.5500	177.23
OVER	20000	22.3	1.9000	42.37
TOTAL				=====
				1333.35

* THE NUMBER OF GALLONS ARE SHOWN IN 1000's OF GALLONS.

RUN DATE: 01/23/99 13:45

JACKSON COUNTY WATER ASSOCIATION
RATE CHANGE ANALYSIS
BASED ON BILLING HISTORY FOR 01/98 THRU 12/98

Program 10-8

SERVICE: W WATER
RATE TABLE: F 1 1/2" METERS

ACCOUNT RANGE: ALL

STEPS	BILLS	TOTAL GALLONS*	FIRST 10000	NEXT 10000	OVER 20000
1ST	10000	23 45.5	45.5		
NEXT	10000	8 133.7	80.0	53.7	
OVER	20000	53 5933.5	530.0	530.0	4873.5

TOTALS	84	6112.7	655.5	583.7	4873.5

STEPS	BILLS	TOTAL GALLONS*	RATE	PROJECTED REVENUE
1ST	10000	84	41.3500	3473.40
NEXT	10000	583.7	2.5500	1488.44
OVER	20000	4873.5	1.9000	9259.65
TOTAL				-----
				14221.49

* THE NUMBER OF GALLONS ARE SHOWN IN 1000's OF GALLONS.

RUN DATE: 01/27/99 13:46

JACKSON COUNTY WATER ASSOCIATION
RATE CHANGE ANALYSIS
BASED ON BILLING HISTORY FOR 01/98 THRU 12/98

Program 10-8

SERVICE: W WATER
RATE TABLE: G 2" METERS

ACCOUNT RANGE: ALL

STEPS	BILLS	TOTAL GALLONS*	FIRST 20000	OVER 20000
1ST	20000	36 339.4	339.4	
OVER	20000	59 5787.0	1180.0	4607.0
TOTALS	95	6126.4	1519.4	4607.0

STEPS	BILLS	TOTAL GALLONS*	RATE	PROJECTED REVENUE
1ST	20000	95	66.8500	6350.75
OVER	20000	4607.0	1.9000	8753.30
TOTAL				15104.05

* THE NUMBER OF GALLONS ARE SHOWN IN 1000's OF GALLONS.

RUN DATE: 01/25/99 13:47

JACKSON COUNTY WATER ASSOCIATION
RATE CHANGE ANALYSIS
BASED ON BILLING HISTORY FOR 01/98 THRU 12/98

Program 10-8

SERVICE: W WATER
RATE TABLE: H 3" METER

ACCOUNT RANGE: ALL

STEPS	BILLS	TOTAL GALLONS*	FIRST 30000	OVER 30000
1ST	30000	0	.0	.0
OVER	30000	12	1974.7	360.0
=====				
TOTALS		12	1974.7	360.0

STEPS	BILLS	TOTAL GALLONS*	RATE	PROJECTED REVENUE
1ST	30000	12	85.8480	1030.18
OVER	30000	1614.7	1.9000	3067.93
				=====
TOTAL				4098.11

* THE NUMBER OF GALLONS ARE SHOWN IN 1000's OF GALLONS.

RUN DATE: 01/27/99 13:48

JACKSON COUNTY WATER ASSOCIATION
RATE CHANGE ANALYSIS
BASED ON BILLING HISTORY FOR 01/98 THRU 12/98

Program 10-8

SERVICE: W WATER
RATE TABLE: I 4" METER

ACCOUNT RANGE: ALL

STEPS	BILLS	TOTAL GALLONS*	FIRST 40000	OVER 40000
1ST	40000	7	3.0	3.0
OVER	40000	12	2922.0	480.0
		=====	=====	=====
TOTALS		19	2925.0	483.0
			2442.0	2442.0

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KENVIRONS, INC.

STEPS	BILLS	TOTAL GALLONS*	RATE	PROJECTED REVENUE
1ST	40000	19	104.8520	1992.19
OVER	40000	2442.0	1.9000	4639.80
TOTAL				=====
				6631.99

* THE NUMBER OF GALLONS ARE SHOWN IN 1000's OF GALLONS.

EXHIBIT 6

ASSET - DEPRECIATION SHORT REPORT - SORTED BY ASSET A/C

COMPANY: JACKSON CO. WATER ASSOC. INC.

METHOD: 1 BOOK Std Conv Applied

YEAR END: 12/31/98

PAGE: 1

NOTES: BOOK DEPRECIATION SCHEDULE

FILE: C:\AKDATA\38877

DATE: 04/03/98

Range: 67- 75A Include: All assets

TIME: 12:39:56

----- includes Section 179 -----

Date Acq	Description	Meth.	Life	Cost	Sec. 179	Depr Basis	Reg A/Depr	Curr Depr	End A/Depr
A/C# : 67 S S P-LAND AND LAND RIGHT									
06/30/73	1 LAND & LAND RIGHTS	MAN	1.0	82310.15	0.00	0.00	0.00	0.00	0.00
06/30/73	1 LAND & LAND RIGHTS	SLP	1.0	1600.00	0.00	0.00	0.00	0.00	0.00
06/30/80	1 LAND-PUMP STATION SITES	SLP	1.0	500.00	0.00	0.00	0.00	0.00	0.00
Totals for ASSET A/C : 67 (3 assets)				84410.15	0.00	0.00	0.00	0.00	0.00

A/C# : 68 S S P COLLECT & IMPOUNT									
06/30/73	COLLECTING & IMPOUNT	SLP	40.0	95107.23	0.00	95107.23	57747.18	2377.68	60124.86
Totals for ASSET A/C : 68 (1 assets)				95107.23	0.00	95107.23	57747.18	2377.68	60124.86

A/C# : 71 P P-STRUCTURES & IMPROVE									
06/30/73	STRUCTURES & IMPROV	SLP	40.0	142892.58	0.00	142892.58	86761.42	3572.31	90331.73
12/17/90	NEW PUMPING STATION	SLP	40.0	893.15	0.00	893.15	158.17	22.33	180.50
09/30/97	ROOF ON PUMP STATION	SLP	40.0	945.00	0.00	945.00	7.88	23.63	31.51
Totals for ASSET A/C : 71 (3 assets)				144730.73	0.00	144730.73	86927.47	3618.27	90545.74

A/C# : 72 P P-ELECTRIC PUMP EQUIP									
06/30/73	ELECT PUMPING EQUIP.	SLP	40.0	11742.24	0.00	11742.24	7129.73	293.56	7423.29
06/30/80	PUMP STATION & PUMPS	SLP	40.0	47236.54	0.00	47236.54	20567.51	1180.91	21748.42
12/31/88	NEW PUMP	SLP	40.0	8741.99	0.00	8741.99	1966.95	218.55	2185.50
07/16/90	PUMP AND TANK	SLP	40.0	2727.15	0.00	2727.15	511.35	68.18	579.53
02/18/94	NEW PUMP	SLP	10.0	7835.00	0.00	7835.00	3068.71	783.50	3852.21
09/23/94	PRESSURE TRANSMITTER	SLP	10.0	2224.40	0.00	2224.40	741.47	222.44	963.91
Totals for ASSET A/C : 72 (6 assets)				80507.32	0.00	80507.32	33985.72	2767.14	36752.86

A/C# : 74 W W P-LAND & LAND RIGHTS									
06/30/73	1 LAND	MAN	1.0	1600.00	0.00	0.00	0.00	0.00	0.00
Totals for ASSET A/C : 74 (1 assets)				1600.00	0.00	0.00	0.00	0.00	0.00

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To	Jack Hughes	From	John Powell
Co.		Co.	J.C.W.A.
Dept.		Phone #	287-7000
Fax #	502-875-7059	Fax #	287-7003

ASSET DEPRECIATION - SHORT REPORT - SORTED BY ASSET A/C

COMPANY: JACKSON CO. WATER ASSOC. INC.

PAGE: 2

METHOD: 1 BOOK Std Conv. Applied

YEAR END: 12/31/98

DATE: 04/03/98

NOTES: BOOK DEPRECIATION SCHEDULE

FILE: C:\AKDATA\30877

TIME: 12:39:56

Range: 67- 75A include: All assets

----- includes Section 179 -----

Date Acq	Description	Meth.	Life	Cost	Sec. 179	Depr Basis	beg A/Depr	Curr Depr	End A/Depr

A/C#:	75	WTP-STRUCTURES, IMP, & PURIF							

06/30/73	STRUCTURES	SLP	40.0	142892.58	0.00	142892.58	84761.42	3572.31	90333.73
11/30/84	STORAGE SHED	SLP	10.0	339.73	0.00	339.73	339.73	0.00	339.73
12/31/84	WORK BENCH	SLP	8.0	35.10	0.00	35.10	35.10	0.00	35.10
06/30/86	STRUCTURES	SLP	40.0	103734.40	0.00	103734.40	30039.75	2593.36	92633.11
10/09/91	SIDEWALK	SLP	10.0	150.00	0.00	150.00	93.75	15.00	108.75
11/15/91	CONCRETE	SLP	10.0	217.70	0.00	217.70	134.25	21.77	156.02
06/30/93	WATER PLANT EXPANSION	SLP	40.0	898095.31	0.00	898095.31	102906.74	22452.38	125359.12

Totals for ASSET A/C :	75	(7 assets)		1145464.82	0.00	1145464.82	220310.74	28654.82	248965.56

A/C#:	76	T & DP-LAND & LAND RIGHTS							

06/30/80	1 LAND TANK SITE	SLP	1.0	1500.00	0.00	0.00	0.00	0.00	0.00
06/30/89	RECORDING OF EASEMENTS	NONE	0.0	126.00	0.00	0.00	0.00	0.00	0.00
06/30/90	EASEMENTS	NONE	0.0	2261.50	0.00	0.00	0.00	0.00	0.00
08/08/91	EASEMENTS	NONE	7.0	24.00	0.00	0.00	0.00	0.00	0.00
09/13/93	NEW TANK SITE	NONE	0.0	2000.00	0.00	0.00	0.00	0.00	0.00
09/13/93	PUMP STATION SITE	NONE	0.0	750.00	0.00	0.00	0.00	0.00	0.00
09/13/93	TANK SITE	NONE	0.0	1000.00	0.00	0.00	0.00	0.00	0.00
09/13/93	SITE SURVEYING	NONE	0.0	2650.00	0.00	0.00	0.00	0.00	0.00
06/30/94	EASEMENTS AND LEASES	NONE	0.0	4255.50	0.00	0.00	0.00	0.00	0.00
06/30/95	EASEMENTS	NONE	0.0	45.00	0.00	0.00	0.00	0.00	0.00
07/01/96	EASEMENTS	NONE	99.0	3456.00	0.00	0.00	0.00	0.00	0.00
07/01/97	EASEMENTS	NONE	0.0	367.00	0.00	0.00	0.00	0.00	0.00

Totals for ASSET A/C :	76	(12 assets)		18435.00	0.00	0.00	0.00	0.00	0.00

A/C#:	77	T & DP-STRUCTURES & IMPRO							

06/30/73	STRUCTURES	SLP	40.0	586927.73	0.00	586927.73	356012.41	14673.19	370685.60
11/30/85	FRONT ENTRANCE STEPS	SLP	25.0	316.84	0.00	316.84	154.15	12.67	166.82

Totals for ASSET A/C :	77	(2 assets)		587244.57	0.00	587244.57	356166.56	14685.86	370852.42

A/C#:	78	T & DP-DISTRIBUTION RESER							

06/30/80	DIST RESERVOIR (TANKS)	SLP	40.0	100825.15	0.00	100825.15	44133.44	2520.63	46654.07
06/30/86	DISTRIBUTION RESERVIOR	SLP	40.0	201454.31	0.00	201454.31	58337.83	5036.36	63374.19
12/16/91	PRESSURE TRANSMITTER AND RECEIVER	SLP	8.0	3633.99	0.00	3633.99	2763.35	454.25	3217.60

ASSET DEPRECIATION SHORT REPORT - SORTED BY ASSET A/C

COMPANY: JACKSON CO. WATER ASSOC. INC.

METHOD:) BOOK Std Conv Applied

YEAR END: 12/31/98

PAGE: 3

DATE: 04/03/98

NOTES: BOOK DEPRECIATION SCHEDULE

FILE: C:\AKDATA\J0877

TIME: 12:39:57

Range: 67-75A Include: All assets

----- includes Section 179 -----

Date Acq	Description	Mech.	Life	Cost	Sec. 179	Depr Basis	Reg A/Depr.	Curr Depr	End A/Depr

A/C#:	78	T & DP-DISTRIBUTION RESER							

06/30/92	NEW WATER TANK	SLP	40.0	121793.80	0.00	121793.80	17000.47	3044.85	20045.26
06/30/92	TANK TRANSMITTER	SLP	8.0	4549.00	0.00	4549.00	3174.85	568.63	3743.48
05/26/94	MILDRED ROAD WATERTANK	SLP	40.0	60857.19	0.00	60857.19	5578.58	1521.43	7100.01
10/31/94	TANK PUMP AND CONTROL	SLP	8.0	3313.95	0.00	3313.95	1346.28	414.24	1760.52
10/02/97	WATER TANK	SLP	40.0	157000.00	0.00	157000.00	981.25	3925.00	4906.25

Totals for ASSET A/C	:	78	(8 assets)	657427.39	0.00	653427.39	133315.99	17485.30	150801.38

A/C#:	79	T & DP TRANS & DIST MAINS							

08/30/80	TRANS & DIST MAINS	SLP	40.0	1522933.22	0.00	1522933.22	663110.49	38073.33	701183.82
06/30/81	TRANS & DIST MAINS	SLP	40.0	845.00	0.00	845.00	348.80	21.13	369.93
06/30/82	TRANS & DIST MAINS	SLP	40.0	13472.35	0.00	13472.35	5358.75	335.81	5694.56
06/30/84	TRANS & DIST MAINS	SLP	40.0	5164.95	0.00	5164.95	1753.88	129.12	1883.00
01/31/85	TRANS & DIST. MAINS	SLP	40.0	816.00	0.00	816.00	265.20	20.40	285.60
06/30/86	TRANS & DIST MAINS	SLP	40.0	67109.04	0.00	67109.04	19528.17	1677.73	21205.90
06/30/92	LINE EXPANSION PROJECT	SLP	40.0	976574.57	0.00	976574.57	136313.51	24414.36	160727.87
07/01/93	ADDITIONS TO WATER LINE	SLP	40.0	6193.37	0.00	6193.37	696.74	154.83	851.57
07/01/94	ADDITIONS TO WATER LINES	SLP	40.0	2290.46	0.00	2290.46	200.41	57.26	257.67
06/30/95	FORCE MAIN	SLP	40.0	1842489.26	0.00	1842489.26	118994.10	46062.23	165056.33

Totals for ASSET A/C	:	79	(10 assets)	4437848.22	0.00	4437848.22	946570.05	110946.20	1057516.25

A/C#:	80	T & DP-SERVICES							

06/30/73	SERVICES	SLP	40.0	956.92	0.00	956.92	580.96	23.92	604.88

Totals for ASSET A/C	:	80	(1 assets)	956.92	0.00	956.92	580.96	23.92	604.88

A/C#:	81	T & DP METERS							

06/30/75	METERS	SLP	40.0	55368.18	0.00	55368.18	30535.88	1384.20	31920.08
06/30/76	METER INSTALLATION	SLP	40.0	77233.80	0.00	77233.80	41891.51	1930.85	43822.36
06/30/80	METERS	SLP	40.0	13754.76	0.00	13754.76	6020.77	343.87	6364.64
06/30/80	METER INSTALLATION	SLP	40.0	23949.22	0.00	23949.22	10483.09	598.73	11081.82
06/30/81	METERS	SLP	40.0	14086.00	0.00	14086.00	5813.51	352.15	6165.66
06/30/81	METER INSTALLATION	SLP	40.0	19282.00	0.00	19282.00	7958.00	482.05	8440.05
06/30/82	METERS	SLP	40.0	10820.73	0.00	10820.73	4316.87	270.52	4587.39
06/30/82	METER INSTALLATION	SLP	40.0	4703.71	0.00	4703.71	1876.48	117.59	1994.07

ASSET DEPRECIATION SHORT REPORT - SORTED BY ASSET A/C

COMPANY: JACKSON CO. WATER ASSOC. INC.

METHOD: 1 BOOK

Std Conv Applied

YEAR END: 12/31/98

PAGE: 4

DATE: 04/03/98

NOTES: BOOK DEPRECIATION SCHEDULE

FILE: C:\AKDATA\38877

TIME: 12:39:58

Range: 67 75A Include: All assets

----- includes Section 179 -----

Date Acq	Description	Meth.	Life	Cost	Sec. 179	Depr Basis	Reg A/Depr	Curr Depr	End A/Depr

A/C#:	81	T & DP-METERS							

06/30/83	METERS	SLP	40.0	10902.82	0.00	10902.82	3974.98	272.57	4247.55
06/30/83	METER INSTALLATION	SLP	40.0	5568.50	0.00	5568.50	2030.15	139.21	2169.36
06/30/84	METERS	SLP	40.0	11555.07	0.00	11555.07	3923.95	288.88	4212.83
06/30/84	METER INSTALLATION	SLP	40.0	6892.07	0.00	6892.07	2340.41	172.30	2512.71
06/30/85	METERS	SLP	40.0	11773.10	0.00	11773.10	3703.65	294.33	3997.98
06/30/85	METER INSTALLATION	SLP	40.0	5315.00	0.00	5315.00	1672.06	132.88	1804.94
06/30/86	METERS	SLP	40.0	9458.88	0.00	9458.88	2739.11	236.47	2975.58
06/30/86	METER INSTALLATION	SLP	40.0	4112.00	0.00	4112.00	1190.77	102.80	1293.57
06/30/87	METERS	SLP	40.0	9690.20	0.00	9690.20	2563.92	242.26	2806.18
06/30/87	METER INSTALLATION	SLP	40.0	3422.82	0.00	3422.82	905.62	85.57	991.19
06/30/88	METERS	SLP	40.0	12123.07	0.00	12123.07	2904.51	303.08	3207.59
06/30/88	METER INSTALLATION	SLP	40.0	4723.74	0.00	4723.74	1133.14	118.24	1251.38
06/30/89	METERS AND METER INSTALLATION	SLP	40.0	15170.92	0.00	15170.92	3255.40	379.27	3634.67
06/30/90	METERS AND METER INSTALLATION	SLP	40.0	6934.20	0.00	6934.20	1314.64	173.36	1488.00
06/30/91	METERS AND METER INSTALLATION	SLP	40.0	12067.04	0.00	12067.04	1986.06	301.68	2287.74
06/30/92	METER AND METER INSTALLATION	SLP	40.0	24863.44	0.00	24863.44	3470.54	621.59	4092.13
07/01/93	METERS AND METER INSTALLATION	SLP	40.0	28347.56	0.00	28347.56	3189.10	708.69	3897.79
06/30/94	METERS AND METER INSTALLATION	SLP	40.0	23679.97	0.00	23679.97	2072.00	592.00	2664.00
06/30/95	METERS AND METER INSTALLATION	SLP	40.0	37508.31	0.00	37508.31	2422.42	937.71	3360.13
07/01/96	METER AND METER INSTALLMENTS	SLP	40.0	25300.07	0.00	25300.07	948.75	632.50	1581.25
07/01/97	METERS AND METER INSTALLATION	SLP	40.0	46552.01	0.00	46552.01	581.90	1163.80	1745.70
Totals for ASSET A/C : 81 (29 assets)				535165.26	0.00	535165.26	157219.19	13379.15	170598.34

A/C#:	83	T & DP-HYDRANTS							

06/30/73	HYDRANTS	SLP	40.0	1723.68	0.00	1723.68	1046.55	43.09	1089.64
Totals for ASSET A/C : 83 (1 assets)				1723.68	0.00	1723.68	1046.55	43.09	1089.64

A/C#:	85	G P-OFFICE FURN & EQUIP							

06/30/74	OFFICE FURNITURE	SLP	8.0	928.20	0.00	928.20	928.20	0.00	928.20
10/31/84	CANNON COPIER	SLP	8.0	1670.00	0.00	1670.00	1670.00	0.00	1670.00
06/30/85	AIR CONDITIONER	SLP	8.0	579.95	0.00	579.95	579.95	0.00	579.95
11/30/86	OFFICE FURNITURE	SLP	8.0	620.00	0.00	620.00	620.00	0.00	620.00
03/13/87	CALCULATOR	SLP	8.0	200.00	0.00	200.00	200.00	0.00	200.00
09/11/87	AIR CONDITIONER	SLP	8.0	189.95	0.00	189.95	189.95	0.00	189.95
01/06/88	CARPETING	SLP	8.0	556.86	0.00	556.86	556.86	0.00	556.86
04/21/88	REDECORATING	SLP	8.0	204.15	0.00	204.15	204.15	0.00	204.15

ASSET DEPRECIATION SHORT REPORT - SORTED BY ASSET A/C

COMPANY: JACKSON CO. WATER ASSOC. INC. PAGE: 5
 METHOD: 1 BOOK Std Conv Applied YEAR END: 12/31/98 DATE: 04/03/98
 NOTES: BOOK DEPRECIATION SCHEDULE FILE: C:\AKDATA\38877 TIME: 12:40:00
 Range: 67- 75A Include: All assets

----- includes Section 179 -----

Date Acq	Description	Meth.	Life	Cost	Sec. 179	Depr Basis	Beg A/Depr	Curr Depr	End A/Depr

A/C#:	85	G P-OFFICE FURN & EQUIP							

03/27/90	VACUUM	SLP	8.0	169.99	0.00	169.99	166.46	3.53	169.99
07/20/90	CHAIRS	SLP	6.0	495.00	0.00	495.00	464.10	30.90	495.00
07/25/90	OFFICE EQUIPMENT	SLP	8.0	129.95	0.00	129.95	121.80	8.15	129.95
07/27/90	CONFERENCE TABLE	SLP	8.0	550.00	0.00	550.00	515.63	34.37	550.00
08/10/90	NUITONE INTERCOM	SLP	8.0	223.20	0.00	223.20	206.92	16.28	223.20
10/12/90	MICROWAVE AND REFRIGERATOR	SLP	8.0	788.00	0.00	788.00	714.13	73.87	788.00
09/17/91	COMPUTER	SLP	8.0	11595.00	0.00	11595.00	9179.41	1449.38	10628.79
01/28/92	COMPUTER	SLP	8.0	500.00	0.00	500.00	376.00	62.50	437.50
12/06/92	DRSK	SLP	8.0	112.50	0.00	112.50	71.47	14.06	85.53
02/17/95	TV AND VCR	SLP	8.0	369.94	0.00	369.94	134.87	46.24	181.11
01/19/96	SAFE	SLP	8.0	2500.00	0.00	2500.00	625.00	312.50	912.50
02/14/96	SAFE	SLP	8.0	4800.00	0.00	4800.00	1150.00	600.00	1750.00
03/25/96	TIME CLOCK	SLP	8.0	339.99	0.00	339.99	77.92	42.50	120.42
04/12/96	COMPUTER BATTERY BACKUP	SLP	8.0	556.87	0.00	556.87	121.82	69.61	191.43
06/17/96	FAX MACHINE	SLP	8.0	380.95	0.00	380.95	75.40	47.62	123.02
11/06/96	ALARM SYSTEM	SLP	8.0	3910.85	0.00	3910.85	570.34	488.86	1059.20
02/21/97	CASH REGISTER	SLP	8.0	499.00	0.00	499.00	57.18	62.38	119.56
Totals for ASSET A/C : 85 (25 assets)				32870.35	0.00	32870.35	19576.56	3362.75	22939.31

A/C#:	86	G P-TRANSPORTATION EQUIP							

07/01/91	CHEVROLET S-10 PICKUP TRUCK	SLP	8.0	11985.00	0.00	11985.00	9737.84	1498.13	11235.97
06/16/92	1979 GMC TRUCK	SLP	8.0	7100.00	0.00	7100.00	4955.21	887.50	5842.71
07/16/92	DUMP BED FOR TRUCK	SLP	8.0	5167.00	0.00	5167.00	3552.34	645.88	4198.22
07/23/92	TRAILER	SLP	8.0	6300.00	0.00	6300.00	4331.25	787.50	5118.75
04/05/94	1994 CHEV 4WD TRUCK 3/4 TON	SLP	8.0	17806.96	0.00	17806.96	8347.01	2225.87	10572.88
04/22/94	UTILITY BED	SLP	8.0	2515.30	0.00	2515.30	1179.04	314.41	1493.45
10/27/94	1994 CHEV 4X4 FLEETSIDE PU TRUCK	SLP	8.0	21545.30	0.00	21545.30	8752.77	2693.16	11445.93
01/15/97	1997 2WD CHEVROLET PICKUP	SLP	8.0	21577.50	0.00	21577.50	2697.19	2697.19	5394.38
01/15/97	1997 4WD CHEVROLET PICKUP	SLP	8.0	21577.50	0.00	21577.50	2697.19	2697.19	5394.38
Totals for ASSET A/C : 86 (9 assets)				115574.56	0.00	115574.56	46249.84	14446.83	60696.67

A/C#:	87	G P-POWER OPERATED EQUIP							

04/30/81	DITCH WICH	SLP	8.0	15300.00	0.00	15300.00	15300.00	0.00	15300.00
11/30/84	BOREING DRILL S/N 1188418C	SLP	8.0	2992.70	0.00	2992.70	2992.70	0.00	2992.70
12/20/88	JOHN DEERE 310 C BACKHOE	SLP	8.0	27850.00	0.00	27850.00	27850.00	0.00	27850.00
02/23/95	BACKHOE	SLP	8.0	44000.00	0.00	44000.00	16041.67	5500.00	21541.67
Totals for ASSET A/C : 87 (4 assets)				90142.70	0.00	90142.70	62184.37	5500.00	67684.37

ASSET DEPRECIATION SHORT REPORT -- SORTED BY ASSET A/C

COMPANY: JACKSON CO. WATER ASSOC. INC.

PAGE: 6

METHOD: 1 BOOK Std Conv Applied

YEAR END: 12/31/98

DATE: 04/03/98

NOTES: BOOK DEPRECIATION SCHEDULE

FILE: C:\AKDATA\38877

TIME: 12:40:01

Range: 67- 75A Include: All assets

----- Includes Section 179 -----

Date Acq	Description	Meth.	Life	Cost	Sec. 179	Depr Basis	Beg A/Depr	Curr Depr	End A/Depr

A/CH:	AA	GP-MISC. GEN. MAINT. EQUI							

06/30/80	RADIO EQUIP	SLP	8.0	709.55	0.00	709.55	709.55	0.00	709.55
06/30/80	BULK WATER SALE METER	SLP	8.0	704.98	0.00	704.98	704.98	0.00	704.98
10/31/80	LAWN MOWER	SLP	8.0	229.50	0.00	229.50	229.50	0.00	229.50
08/31/82	RCN RADIO EQUIP	SLP	8.0	7176.53	0.00	7176.53	7176.53	0.00	7176.53
11/30/82	SCM ULTRASONIC TYPEWRITER	SLP	8.0	595.00	0.00	595.00	595.00	0.00	595.00
07/31/84	ROCKWELL METER TESTER	SLP	8.0	423.00	0.00	423.00	423.00	0.00	423.00
12/31/85	REFRIGERATOR	SLP	8.0	174.99	0.00	174.99	174.99	0.00	174.99
01/31/86	DEHUMIDIFIER	SLP	8.0	288.93	0.00	288.93	288.93	0.00	288.93
11/17/87	HAND-HELD RADIO	SLP	8.0	453.49	0.00	453.49	453.49	0.00	453.49
01/29/88	CONCRETE SAW	SLP	8.0	650.00	0.00	650.00	650.00	0.00	650.00
02/05/88	LEAK DETECTOR	SLP	8.0	361.51	0.00	361.51	361.51	0.00	361.51
09/02/88	TOOL SETS	SLP	8.0	132.44	0.00	132.44	132.44	0.00	132.44
09/16/88	GAS MASKS	SLP	8.0	265.26	0.00	265.26	265.26	0.00	265.26
05/31/89	DEHUMIDIFIER	SLP	8.0	193.29	0.00	193.29	193.29	0.00	193.29
06/13/89	POSITIONERS	SLP	8.0	698.03	0.00	698.03	698.03	0.00	698.03
10/21/89	21" TORO LAWN MOWER	SLP	8.0	369.95	0.00	369.95	369.95	0.00	369.95
02/19/90	2 RADIOS	SLP	8.0	955.00	0.00	955.00	945.09	9.91	955.00
07/16/90	FURNAS MOTOR STARTER	SLP	8.0	357.00	0.00	357.00	334.72	22.28	357.00
08/10/90	METAMETER	SLP	8.0	1518.81	0.00	1518.81	1408.05	110.76	1518.81
11/09/90	BRISTOL RADIO SYSTEM	SLP	8.0	1240.94	0.00	1240.94	1111.69	129.25	1240.94
03/19/91	VACUUM	SLP	8.0	409.90	0.00	409.90	350.14	51.24	401.38
07/12/91	RADIO	SLP	8.0	4265.20	0.00	4265.20	3465.48	533.15	3998.63
07/26/91	TRUCK TOOL BOX	SLP	8.0	78.41	0.00	78.41	63.70	9.80	73.50
08/12/91	PAGER	SLP	8.0	330.00	0.00	330.00	264.69	41.25	305.94
09/13/91	PH METER	SLP	8.0	919.00	0.00	919.00	727.57	114.88	842.45
10/21/91	DEHUMIDIFIER	SLP	8.0	209.99	0.00	209.99	164.06	26.25	190.31
11/15/91	PAGER	SLP	8.0	150.00	0.00	150.00	115.63	18.75	134.38
12/04/91	PALLET JACK	SLP	8.0	299.99	0.00	299.99	228.12	37.50	265.62
12/10/91	TANK TRANSMITTER	SLP	8.0	1580.00	0.00	1580.00	1201.46	197.50	1398.96
03/25/92	REFRIGERATOR	SLP	8.0	250.00	0.00	250.00	182.29	31.25	213.54
07/25/92	SIGNS	SLP	8.0	50.00	0.00	50.00	34.38	6.25	40.63
10/27/92	AIR COMPRESSOR	SLP	8.0	213.62	0.00	213.62	140.18	26.70	166.88
12/16/92	AUGER AND HEAD	SLP	8.0	738.80	0.00	738.80	469.47	92.35	561.80
01/26/94	CAMERA	SLP	8.0	141.59	0.00	141.59	70.80	17.70	88.50
04/18/94	REMOTE CONTROL UNIT FOR RADIO	SLP	8.0	330.00	0.00	330.00	154.69	41.25	195.94
10/27/94	AIR COMPRESSOR	SLP	8.0	9520.00	0.00	9520.00	3867.50	1190.00	5057.50
12/09/94	RADIO	SLP	8.0	473.00	0.00	473.00	182.32	59.13	241.45
05/09/97	2 RADIOS	SLP	8.0	934.25	0.00	934.25	77.85	116.78	194.63

Totals for ASSET A/C :		AA	(38 assets)	38391.95	0.00	38391.95	28986.31	2883.93	31870.24

ASSET DEPRECIATION SHORT REPORT - SORTED BY ASSET A/C

COMPANY: JACKSON CO WATER ASSOC. INC.

PAGE: 7

METHOD: 1 BOOK Std Conv Applied

YEAR END: 12/31/98

DATE: 04/03/98

NOTES: BOOK DEPRECIATION SCHEDULE

FILE: C:\AKDATA\38077

TIME: 12:40:02

Range: 67- 75A Include All assets

----- Includes Section 179 -----

Date Acq	Description	Math.	Life	Cost	Sec. 179	Depr Basis	Reg A/Depr	Curr Depr	End A/Depr		

A/C#:	304.5	STRUCTURES AND IMP-GEN PL									

08/01/90	NEW OFFICE BUILDING	SLP	40.0	44189.91	0.00	44189.91	8193.56	1104.75	9298.31		

Totals for ASSET A/C :				304.5	(1 assets)	44189.91	0.00	44189.91	8193.56	1104.75	9298.31

=====											
A/C#:	75A	WTP-EQUIPMENT									
=====											
11/30/83	WATER TREATMENT FILTER	SLP	20.0	14996.46	0.00	14996.46	10622.45	749.82	11372.27		
11/09/90	TANK CHART MACHINE	SLP	20.0	3528.15	0.00	3528.15	1264.27	176.41	1440.68		
12/03/93	S C BAG	SLP	5.0	1387.06	0.00	1387.06	1132.76	254.30	1387.06		
07/15/94	ZERO LOSS MONITOR	SLP	20.0	2382.75	0.00	2382.75	416.99	119.14	536.13		
11/11/94	LEVEL TRANSMITTER	SLP	20.0	930.41	0.00	930.41	147.31	46.52	193.83		

Totals for ASSET A/C :				75A	(5 assets)	23224.83	0.00	23224.83	13583.78	1346.19	14929.97

Grand Totals for all accounts: 8131015.59 0.00 8026570.44 2173644.83 222625.97 2395270.80

Codes that may appear next to date acquired: A-Addition, D-Disposal, T-Traded, M-Mid Quarter Applied

18552.16

EXHIBIT 7

Special Charge Cost Schedule

Type of Special Charge: Meter Reading Re-Check Charge

1. Field Expense

A. Materials (Itemize)

\$ _____

B. Labor (Time and Wage)

2 hrs. x \$14.00 per hr. \$28.00

Subtotal Field Expense 28.00

2. Clerical and Office Expense

A. Supplies .75

B. Labor .25

Subtotal Clerical and Office Expense \$ 1.00

3. Miscellaneous Expense

A. Transportation \$ 7.00

B. Other (Itemize)

Subtotal Miscellaneous Expense \$ 7.00

Total Expense \$36.00

(5.00)

Special Charge Cost Schedule

Type of Special Charge: Service Investigation Charge

1. Field Expense

A. Materials (Itemize)

\$ _____

B. Labor (Time and Wage)

2 hrs. x \$14.00 per hr. \$28.00

Subtotal Field Expense _____

2. Clerical and Office Expense

A. Supplies

_____.75

B. Labor

_____.25

Subtotal Clerical and Office Expense \$ 1.00

3. Miscellaneous Expense

A. Transportation

\$ 7.00

B. Other (Itemize)

Subtotal Miscellaneous Expense \$ 7.00

Total Expense \$36.00

(20.00)

Special Charge Cost Schedule

Type of Special Charge: Return Check Charge (Notice Only)

1. Field Expense

A. Materials (Itemize)

_____	\$ _____
_____	_____
_____	_____

B. Labor (Time and Wage)

_____	_____
-------	-------

Subtotal Field Expense _____

2. Clerical and Office Expense

A. Supplies	\$ <u>.70</u>
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B. Labor	<u>8.30</u>
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Subtotal Clerical and Office Expense	\$ <u>9.00</u>
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3. Miscellaneous Expense

A. Transportation	_____
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B. Other (Itemize)	_____
--------------------	-------

<u>Bank Charge</u>	\$ <u>2.00</u>
--------------------	----------------

_____	_____
_____	_____

Subtotal Miscellaneous Expense	\$ <u>2.00</u>
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Total Expense	\$ <u>11.00</u>
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Special Charge Cost Schedule

Type of Special Charge: Reconnect Charge Regular Hours

1. Field Expense

A. Materials (Itemize)

_____ \$ _____

B. Labor (Time and Wage)

2 hrs. x \$14.00 per hr. \$ 28.00

Subtotal Field Expense 28.00

2. Clerical and Office Expense

A. Supplies .75

B. Labor .25

Subtotal Clerical and Office Expense \$ 1.00

3. Miscellaneous Expense

A. Transportation \$ 7.00

B. Other (Itemize) _____

Subtotal Miscellaneous Expense \$ 7.00

Total Expense \$ 36.00

EXHIBIT 8

Special Charge Cost Schedule

Type of Special Charge: Tap-On-Charge

1. Field Expense

A. Materials (Itemize)

Tapping Saddle, Corp Stop, Meter Setter, \$200.31

Meter, Reducer & Spuds, Adapters, Meter _____

Box, Meter Gaskets and Inserts _____

B. Labor (Time and Wage)

4.5 hrs. x \$13.65 per hr. \$61.43

Subtotal Field Expense \$261.74

2. Clerical and Office Expense

A. Supplies .75

B. Labor 2.00

Subtotal Clerical and Office Expense \$ 2.75

3. Miscellaneous Expense

A. Transportation \$ 36.25

B. Other (Itemize) _____

Backhoe \$100.00

Subtotal Miscellaneous Expense \$136.25

Total Expense \$400.74

Special Charge Cost Schedule

Type of Special Charge: Service Charge Regular Hours

1. Field Expense

A. Materials (Itemize)

_____ \$ _____

B. Labor (Time and Wage)

2 hrs. x \$14.00 per hr. \$28.00

Subtotal Field Expense 28.00

2. Clerical and Office Expense

A. Supplies .75

B. Labor .25

Subtotal Clerical and Office Expense \$ 1.00

3. Miscellaneous Expense

A. Transportation \$ 7.00

B. Other (Itemize) _____

Subtotal Miscellaneous Expense \$ 7.00

Total Expense \$36.00

Special Charge Cost Schedule

Type of Special Charge: Service Charge After Hours

1. Field Expense

A. Materials (Itemize)

_____ \$ _____

B. Labor (Time and Wage)

2 hrs. x \$21.00 per hr. \$ 42.00

Subtotal Field Expense _____

2. Clerical and Office Expense

A. Supplies .75

B. Labor .25

Subtotal Clerical and Office Expense \$ 1.00

3. Miscellaneous Expense

A. Transportation \$ 7.00

B. Other (Itemize) _____

Subtotal Miscellaneous Expense \$ 7.00

Total Expense \$ 50.00

Special Charge Cost Schedule

Type of Special Charge: Reconnect Charge After Hours

1. Field Expense

A. Materials (Itemize)

_____ \$ _____

B. Labor (Time and Wage)

2 hrs. x \$21.00 per hr. \$42.00

Subtotal Field Expense 42.00

2. Clerical and Office Expense

A. Supplies .75

B. Labor .25

Subtotal Clerical and Office Expense \$ 1.00

3. Miscellaneous Expense

A. Transportation \$ 7.00

B. Other (Itemize)

Subtotal Miscellaneous Expense \$ 7.00

Total Expense \$50.00

Special Charge Cost Schedule

Type of Special Charge: Request Meter Test Charge

1. Field Expense

A. Materials (Itemize)

_____ \$ _____

B. Labor (Time and Wage)

2 hrs. x \$14.00 per hr. \$28.00

Subtotal Field Expense 28.00

2. Clerical and Office Expense

A. Supplies .75

B. Labor .25

Subtotal Clerical and Office Expense \$ 1.00

3. Miscellaneous Expense

A. Transportation \$ 7.00

B. Other (Itemize) _____

1 hr. testing meter \$14.00

Subtotal Miscellaneous Expense \$21.00

Total Expense \$50.00